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# **GOVERNANCE AND ACCOUNTABILITY IN THE MODERN LOCAL AUTHORITY:**

## **AN EXPLORATORY ANALYSIS OF VIEWS FROM INSIDE & OUT – WITH PARTICULAR REFERENCE TO OUTSOURCING AND PARTNERSHIP WORKING.**

**ALEX STRICKLAND FRSA**

A thesis submitted to the University of Huddersfield  
in partial fulfilment of the requirements for  
the degree of Doctor of Public Administration

17<sup>th</sup> March 2015.

**Volume I of VIII**

## **ABSTRACT**

This thesis seeks to understand just what governance looks like to practitioners themselves and how it works in practice. It recognises the need for modern executive and political leaders to provide strong place shaping leadership, in a context where resources are tight, outsourcing is viewed as a means to an end and joint working is considered essential to deliver complex cross cutting policy objectives. As such, it will appeal to the wider local government community.

The departure point for the thesis is the crisis of social democracy identified as 'overload' in the mid 1970's and the New Right policy prescription of privatisation/marketisation proposed to resolve that. The subsequent hollowing out of the state together with the interlinked nature of public policy (and the introduction of changing governance forms such as combined authorities) only served to make governance landscape even more complex.

The thesis uses interpretive methodology to conduct a thematic analysis of governance and accountability using two in depth case studies in which elected members and officials have participated. The thesis makes a contribution to knowledge by concluding that Governance has three strands to it - Place Shaping, Service Delivery and Community Leadership. It is considered complex for a number of reasons ranging from layered reform and incremental policy making on the one hand to the need to work in partnership to achieve complex public policy objectives on the other.

Notwithstanding recent reforms, the architecture of governance in the UK remains highly centralised. This has an adverse impact on economic performance. Devolution of powers and funding to local authorities that have the capacity to cope with them, should be coupled with Institutional reforms to create a strategic level of governance designed to facilitate infrastructure provision, economic renewal and joined up public service delivery.

Keeping these arrangements accountable is of central importance and it is concluded that this requires as a minimum, the effective operation of the statutory Scrutiny function. This requires that elected members are provided with a toolkit in the form of a positive operating culture, appropriate statutory powers and sufficient funding. In addition however, there is a need to consider how to broaden democratic engagement with a view to increasing levels of political participation, so as to develop a more active notion of citizenship going forward.

**Alex Strickland FRSA**  
**17 March 2015**

## **NAVIGATION STATEMENT**

This submission contains the following documents in compliance with the requirements for the award of the degree of Doctor of Public Administration:-

1. 50,000 Word Thesis (Volume I) with the title `Governance and Accountability in the Modern Local Authority: An Exploratory Analysis of views from inside and out with specific reference to outsourcing and partnership working`.
2. Annex 1-7 in Volume II in support of the thesis.
3. Annex 8 in Volume III (Case Study 1 Interviews) in support of the thesis.
4. Annex 9 in Volume IV (Case Study 2 Interviews) in support of the thesis.
5. Annex 10 in Volume V (Supplemental Interviews) in support of the thesis.
6. Annex 11 in Volume VI (References). Ancillary references for Volume I.
7. 4,500 word Journal Article (Volume VII) with the title `New Public Management in Local Government: Some Speculative Thoughts` which has been prepared in the house style for submission to/publication in the journal `Public Administration`.
8. Personal/Professional Impact Statement (Volume VIII) with the title `Public Service: A Calling, A Duty and A Privilege`.
9. A CD with the above documents in PDF format.

**Alex Strickland FRSA**  
**17 March 2015**

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## **DEDICATION**

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## **ACKNOWLEDGEMENTS**

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# Chapter 1 - Introduction

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- 1.8. Overarching Narrative
- 1.9. Summary & Conclusion

## **1.1. Introduction & Rationale for the Thesis.**

This thesis conducts an exploratory analysis of complex governance (that arises primarily from the outsourcing of services and growth in partnership working on the one hand and the complex public policy agenda on the other). It considers the question of accountability within a local government setting. It speculates upon the implications of this analysis from the viewpoints of a range of practitioners within the local government sector. The structure and workings of English Local Government is set out in more detail at Annex 1 to this Thesis ('Background to the Structure & Workings of English Local Government'). The value of public service has a strong pedigree in the discipline of Public Administration, in particular through the writings of Dwight Waldo (1913-2000) (Waldo, 1948, 1955) <sup>1</sup> and it is contended that the compilation and exploration of practitioner viewpoints offers a valuable and worthwhile addition to the published literature in the area.

The analysis is exploratory in nature because although a good deal has been written on issues such as the New Public Management, outsourcing services, partnership working, and the question of accountability, these issues have not been considered together in the context of English local government and in particular have not been considered with specific reference to obtaining viewpoints that draw on professional experiences of those carrying out local government roles.

Current developments suggest that governance at a local level is likely to become more complicated and not less. The debates around the Scottish Referendum (Hassan & Mitchell, 2014, Smith, 2014) <sup>2</sup> and the aftermath south of the border (Barnett, 2014) <sup>3</sup> as well as in Wales and Northern Ireland <sup>4</sup> has led to a re-examination of questions around the powers and functions of local authorities <sup>5</sup> and the capacity (and funding <sup>6</sup>) (Sandford, 2014) that local authorities need to carry them out (Killan, 2014). <sup>7</sup> The consideration of capacity has driven a further debate around the partnership structures (such as development of Local Economic Partnerships, the birth of Health & Wellbeing Boards and the creation of Combined Authorities) <sup>8</sup> necessary to operate such powers and has renewed the question of how suitable accountability mechanisms can be incorporated into the modern governance structure.



These developments demonstrate that this thesis is of contemporary, as well as historic relevance and as such, it shall be a useful reference point for local government practitioners (as well as Public Administration academics) who are charged with shaping public policy to build our communities and deliver public services in an increasingly complex environment, characterised by multiple stakeholders, conflicting demands and declining resources.

It is at least likely that the hollowed out state developed in the interests of efficient service delivery, (Rhodes, 1994)<sup>9</sup> - characterised by outsourcing and partnership working at local level - has had the effect of increasing the complexity of modern governance. This research shall therefore seek to (1) find out just what Governance looks like to local government practitioners (elected members and officials), (2) to offer explanations for complexity and seek to speculate upon implications this may have for leadership/motivation and management, together with any appropriate observations relating to the outsourcing of services and (3) to consider how complex governance is held accountable and scrutinised in the best traditions of public service.

## 1.2. Aims & Objectives

### Aims

1. To better understand what governance looks like from a local government practitioner point of view.
2. To consider how modern governance is scrutinised and held accountable.
3. To offer compelling explanations for why governance may be complex and to speculate upon (in light of the primary data) associated issues of leadership/motivation and management, as well as making observations on outsourcing if appropriate.

### Objectives

1. To produce a comprehensive literature review dealing with modern governance, paying attention to the origins of and implications arising from the hollowed out state.



This includes the legal/policy regime for outsourcing, an examination of the public policy agenda and a consideration of partnership and governance arrangements devised to deliver that. The review also deals with accountability and the statutory scrutiny function.

2. To obtain by way of interview data, 'thick descriptions' of governance and accountability processes from participants in both case study local authorities, and to chronicle the views of these and other key bodies/opinion formers<sup>10</sup> within the local government sector.
3. To provide the opportunity for practitioners (along with the researcher) to consider and reflect upon the nature of modern governance from their own particular perspectives.
4. To produce a thematic analysis which is grounded in primary data from participants, providing insight and chronicling multiple perspectives on issues of governance and accountability within the two case study local authorities.
5. To develop compelling explanations as to why governance may be considered to be complex and to speculate on the implications of this for leadership/motivation and management. This shall be supplemented by appropriate observations on the issue of outsourcing services.
6. To consider how complex governance is scrutinised and made accountable with particular reference to the operation of the statutory Overview and Scrutiny function.

### **1.3. Place of the Thesis within the Discipline of Public Administration**

One of the primary motivations behind this thesis lies in the writings of Professor Dwight Waldo. He contended that there was an inherent tension between bureaucracy and democracy and maintained that public servants were obligated in the case of tension to protect the latter (Waldo, 1948). In this thesis, bureaucracy may be taken to mean modern governance<sup>11</sup> and democracy may be taken to mean accountability. This thesis therefore considers this tension identified by Waldo over



half a century ago, but does so in an updated context of English Local Government.<sup>12</sup> This thesis is indebted to the civic tradition of Public Administration espoused by thinkers such as David Marquand (Marquand, 2004) which maintains that Public Administration is more than an academic discipline, but is a wider civic practice and arguably a duty.

The writer of this thesis contends that theory and practice need to work closer together, that academics and practitioners need to relate to one another and draw on experiences to mutual benefit. As indicated above, it is intended that this thesis plays at least a small part in recovering a tradition that was espoused by fellow lawyer and leading Public Administration academic Professor William Robson (1895-1980) when he urged greater links between the worlds of academic thought and practical action. (See section 1.5 'Contributions to Knowledge and Practice') .

### **1.4. Scope & Limitations of the Thesis**

This thesis has the literature review as a substantial element.<sup>13</sup> The empirical part of the thesis shall contain two case studies of English Local Authorities. Metropolitan authorities have been chosen, because it is considered in light of the range of functions that they discharge, that they offer a valuable insight into how modern governance arrangements operate and how the Overview and Scrutiny function interacts with that. The intention is to produce an inductive based thematic analysis, grounded in primary data that will further and develop understanding of these issues in context. This thesis makes no attempt at undertaking any 'scientific' hypothesis testing which it considers inappropriate in the context. The importance of this thesis arises from the fact that it provides a detailed chronicle of views from elected members and officials on issues of governance and accountability and thereby provides a valuable snapshot as to how local government operates today.

### **1.5. Contributions to Knowledge & Practice**

#### **Contribution to Knowledge.**

This thesis provides a distinct contribution to knowledge by identifying three strands of local governance which derive from the viewpoints of local government



practitioners. The strands are grounded in data and taken together provide a broad response to the question of what local government actually does in the modern age.

### **Contribution to Practice.**

1. This empirical work has not been done previously in this setting. This may at least in part be due to the difficulties in obtaining access and primary data in the field.<sup>14</sup>

Although it is acknowledged that practitioners regularly provide commentary on topical issues in the professional press (such as the Local Government Chronicle) an exhaustive literature search has not revealed any other study that has produced such a range of detailed and reflective practitioner based narratives from within the local government sector. This facilitates reflection, and allows analysis not only within and between the case study authorities but also on the basis of official or professional role (such as Council Leader, Chief Executive, Scrutiny Function etc.).

This thesis takes a small, but vital step, in recovering a valuable tradition of Public Administration going back to Professor William Robson (1895-1980) that seeks to strengthen links between theory and practice (Robson, 1975). This was the traditional base of academic Public Administration, confirmed by the fact that the founding fathers (such as Mackenzie, 1971, Robson, 1950, Chester, 1975) and others (Barker, 1942, Cole, 1920, Laski, 1925, 1938) had professional, public service or political responsibilities over and above their duties as Public Administration academics. This tradition declined as the discipline of Public Administration became more professionalised, narrowly focused and specialist in nature (Kavanagh, 2009) eschewing the traditional civic character (Marquand, 2004) that it had historically represented.<sup>15</sup>

2. The analysis and recommendations in this thesis with respect to the operation of the scrutiny function are likely to be instructive in the context of any future round of Local Government reform in Northern Ireland. Local Government in the province is due to be rationalised on account of the Review of Public Administration, reducing councils from 26 to just 11 super councils across the province, with effect from April 2015. (Knox & Carmichael, 2006). They have limited functions however and still operate by the traditional committee system. However the Local Government (NI)



Act 2014 provides an option to adopt the executive/scrutiny split along the lines of the English model and it is likely that local authorities will do this in due course should more functions be acquired from Stormont. In this event, it is contended that the analysis and recommendations in respect of scrutiny shall be of direct relevance to local government reform in the province.

### **1.6. Methodology Issues**

The thesis shall adopt an interpretivist methodology (see Chapters 6 and 7 of this thesis), based upon the conduct of semi/unstructured interviews designed to generate 'thick descriptions'<sup>16</sup> from practitioners which are then analysed to identify appropriate themes in relation to the issues of modern governance and accountability.

This thesis is firmly within the Oxford hermeneutic/institutionalist tradition of Public Administration, drawing on law, history, public policy and philosophy (Vout, 1990), in contrast to the scientific tradition which behaviouralists developed after the second world war.<sup>17</sup> Although the positivist tradition has led to key benefits in certain areas – notably the study of psephology, it is contended that this itself has to be wedded to a qualitative understanding to have wider application<sup>18</sup> The writer agrees with the observation from S.E. Finer that quantities methods alone offer 'an empty set of mechanical calculations' (Kavanagh, 1993) which devoid of context cannot advance understanding. The writer of this thesis is an exponent of the ideas articulated by Bernard Crick (Crick, 1959, 1962)<sup>19</sup> which maintained that a scientific positivist analysis of human behaviour was not possible and that drawing upon hermeneutic traditions was more appropriate when practising social science.

### **1.7. Structure of the Literature Review**

The Literature Review for this thesis comprises four chapters in all. The length and structure is justified by the fact that the thesis is examining several strands – namely governance and accountability in a local government context. The literature is multi-disciplinary in nature and draws on various strands of Public Administration – namely Political Science, Law, Public Policy, Organisation Theory and Administrative Law. It is actually possible to put a very broad chronological interpretation on the Literature

## Chapter 1 - Introduction

Review, with Chapter 2 covering the 1970/80s, Chapter 3 covering the 1980/90s and Chapter 4 covering the period post 2000.

Chapter 2 ('Governance: The Overload Problem & The New Right Policy Prescription') provides the crucial historical context for what is to follow by providing a survey of the literature (mainly drawn from Political Science) arising from the breakdown of the post war social democratic consensus and chronicles the rise of the New Right with the policy prescription of privatisation/marketisation, leading to the hollowed out state. It is considered that this has exacerbated complexity at a local as well as at national and global levels. The hollowed out state led to an increase in outsourcing on the one hand and partnerships on the other.

Chapter 3 ('Governance: Outsourcing Local Authority Services') considers the legislative, policy and theoretical basis behind the outsourcing of local authority services in England & Wales, with the literature being largely drawn from disciplines of law and economics.

Chapter 4 ('Governance: Partnership Working') considers the interlinked nature and complexity of the modern public policy agenda, along with recent developments in local authority governance that have sought to respond to that. By drawing on Public Policy literature and Public Administration literature, particularly in the area of networks, it becomes evident that governance is growing in complexity and that ensuring it can be adequately scrutinised and held to account remains a central challenge.

Chapter 5 ('Accountability: Democratic Anchorage & Scrutiny') considers what accountability means and the various contexts within which it can arise. It introduces the issue of Democratic Anchorage, which is primarily concerned primarily with the question of how elected members seek to control unelected structures and exercise 'meta governance' (primarily through the scrutiny function) to hold them to account.

Overall, the Literature Review shall provide an insight into the increasingly complex governance environment that local authorities have to operate within. It also demonstrates how ideas around accountability have often struggled to keep up with



the pace of change which has driven this complexity, thereby setting a key challenge for scrutiny functions to make themselves relevant by holding public office holders to account in the modern setting.

### **1.8 Overarching Narrative**

This thesis examines the nature of modern local governance, which it is argued can be traced back to the Social Democratic crisis of 1970s. Chapter 2 chronicles how the dominant critique came from the New Right by way of the Overload Thesis (King, 1975, Brittan, 1975) which essentially argued that the state was overstretching itself, engaging in too many functions, whilst performing none of them well, with economic stability and political authority being compromised as a result. The solution was to pursue programmes of privatisation and marketisation (Bacon & Eltis, 1976, Jordan & Ashford, 1993, McMaster & Sawkins, 1996). The commissioning council model resulted and was facilitated by a legislative framework in 1980s and 1990s (chronicled in Chapter 3) which led to the hollowing out of the state (Rhodes, 1994) as local authorities embraced outsourcing on the one hand and partnership working on the other. The latter grew as they sought to develop a wider 'systems' capacity to effectively monitor and shape service provision, beyond the boundaries of a single local authority. This network/systems approach was driven by the fact that services were increasingly being provided by external contractors and because public policy itself had assumed a cross cutting and interlinked character, which defied lateral solutions (Deleon, 1998) and called for co-ordinated action from the public, private and voluntary sectors. These developments created a complex governance environment, in which partnerships became dominant and new institutions of governance were formed (notably Combined Authorities but also Local Enterprise Partnerships and Health & Wellbeing Boards) in an attempt to provide greater strategic capacity over policy making/administrative functions. These arrangements shall be surveyed in Chapter 4. The need to ensure that complex governance is scrutinised and made accountable shall be dealt with in Chapter 5. Central to this is the need to develop strong Democratic Anchorage (Sorenson & Torfing, 2005, Sorenson, 2006) in which local elected members can scrutinise governance activity. The focus for this is the statutory Scrutiny function, although there is a legitimate question over whether this is sufficient. The conduct of in depth interviews with



elected members and officials in the two case study local authorities (and others in Annex 10) shall enable the compilation of a set of distinctive and informative interview narratives (Annexes 8, 9 and 10) showing how governance and scrutiny are understood by practitioners and this shall be presented by way of individual role as well as local authority, both to protect the integrity of the data collected and so as to facilitate role analysis in the future where appropriate.

### **1.9. Summary & Conclusion**

This Chapter has set out the broad rationale for the thesis, outlined the aims and objectives of the study, placed it within the context of the wider discipline of Public Administration, outlined the scope and limitations of the thesis, explained the contributions made to both knowledge and professional practice, provided an account of the methodology to be used and outlined the scope of the Literature Review which now follows in Chapter 2.

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# **Chapter 2 – The Overload Problem & the New Right Policy Prescription**

## **Contents**

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- 2.2. The Social Democratic Settlement
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- 2.4. Sources of New Right Thought
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- 2.6. Overload Revisited
- 2.7. Overarching Narrative: Contribution of Chapter 2
- 2.8. Summary & Conclusion

### 2.1. Introduction

This chapter has three purposes. First it sets out the nature of the Social Democratic settlement. Second it chronicles what was seen as the Overload problem and third it relates the ideological and political response of the New Right to that crisis. Much of the literature in this area dates from around 1970/1980's. The chapter underlines just how important perceptions and political ideology can be in framing policy agendas and in shaping public policy to respond to political problems. It also serves to show the abiding importance of political and economic thought, particularly when it became fashionable in the behaviourist era to subject everything to measurement (Sanders, 2002). It will be appreciated from the discussion in Chapter 1 that English Local Government operates within the context of a highly centralised unitary state (Engel, 2014). Although it has since been argued that this has been replaced by a 'differentiated polity' within which power is more widely dispersed, (Rhodes, 1988) the lack of constitutional protection (Ridley, 1990) and low level of financial autonomy for local government (Ritchie, 2014) means it is in a weak bargaining position viz a viz central government. It was in this context around the mid 1970's and early 1980's that the Agency Thesis of Central/Local Relations was advanced (Bogdanor, 1988), the main proposition of which was that the political element of much local government activity had been stripped away, reducing the function of local government to mere administration as central government either used it as a conduit, or otherwise bypassed it to ensure that central government policy platforms designed in Whitehall were effectively implemented at local level.<sup>20</sup> The fact that the Agency Thesis of Central/Local Relations has since been challenged<sup>21</sup> does not does not alter the fact that it was dominant at the time when the New Right regarded the Social Democratic settlement (see section 2.2 below)<sup>22</sup> as morally and politically bankrupt and hence were looking for something different to replace it.

The New Right regarded the Social Democratic settlement as in a state of crisis plagued by the problem of 'overload'. The nature of this crisis and the ideological and policy prescriptions proposed to deal with it - namely privatisation/marketisation resulted in a local government 'state' 'hollowed out' (Rhodes, 1994) by a pincer movement, of outsourcing services on the one hand and the growth of partnership working on the other.



The public policy making literature offers an insight as to why the New Right were successful in their endeavour of hollowing out the state at local level. Baumgartner & Jones advanced the thesis of Punctuated Equilibrium which envisages long periods of policy stability punctuated by periods of change as one paradigm (in this case Social Democracy) is replaced by another (in this case the New Right) (Baumgartner & Jones, 1993). Reference may also be made to the concept of 'windows of opportunity' when policy streams are created by the fusion of a particular problem, a policy solution and political opportunity (Kingdon, 1984). In this case the problem was that of overload, the policy solution was to hollow out the state at local level by privatisation/marketisation (Bacon & Eltis, 1976) and the political opportunity was afforded by the election of the Thatcher Government in 1979 in an intellectual climate in which social democracy itself was considered to be in crisis, with social democratic propositions and policy solutions widely seen to be on the retreat (Gamble, 1981). In this context it is worth briefly reviewing the major planks of what have become known as the 'social democratic' or 'post war' settlement that existed between British political parties for thirty years or so since 1945 (Gamble, 1981).

### **2.2. The Social Democratic Settlement.**

At the level of domestic policy, the settlement centred upon agreement around the responsibility of government to intervene in the economy to ensure full employment, operation of a mixed economy (which included state owned concerns in key sectors such as coal, steel and rail) and to deliver a range of universal services from education and health, to social housing and transfer payments as part of the welfare state (Beveridge, 1944). This was supplemented by use of Keynesian Demand Management techniques to control levels of aggregate economic demand that would impact upon rates of unemployment in the domestic economy (Keynes, 1936). At a global level there was a commitment to free trade, policed by institutions of global capitalism such as the World Bank, The General Agreement on Tariffs and Trade and the International Monetary Fund under the hegemony of the USA. Free trade and economic stability was facilitated by the system of fixed exchange rates under the Bretton Woods system. This 'post war settlement' operated with only small partisan differences from the election of the Atlee government in 1945 through to the mid 1970s. The period was characterised by a growing domestic economy, full



employment<sup>23</sup> and price stability which facilitated a growth in domestic tax revenues allowing for an expansion in public services. Governance operated through a range of corporatist structures (notably the National Economic Development Council - 'NEDC') designed to accommodate interests of organised labour and capital thereby ensuring economic stability. Studies have catalogued the increase in government activity as a proportion of GDP and by the end of the period it was approaching 50% (Gamble, 1981).

### 2.3. The Overload Problem

The Social Democratic settlement (see section 2.2 above) started to break down in mid-1970's when the world economy suffered oil price shocks which created inflationary pressures and threatened domestic economic growth (Gamble, 1981). This undermined the fiscal position of domestic governments and raised questions about the growth/extent of government activity and the sustainability of corporatist governance arrangements (such as the NEDC) in the new circumstances of economic slowdown. Economic competitiveness was in question as full employment became difficult to sustain and public services could not be afforded on the same scale as before. It was argued that a state burdened with a range of responsibilities from industrial and social policy to economic management may well be sustainable in times of high economic growth, but as the growth dried up, the sustainability and even the desire to sustain it became open to question.

It was in this context that the Overload Thesis was developed in the mid 1970's (Crozier, 1975, King, 1975). The central proposition was that government was seeking to do too much and (partly as a consequence of fiscal pressures) was not doing any of it well, leading to a collapse of confidence in the state. King summed it up in the quote 'Man used to look to God to order the world, then he looked to the market, now he looks to government. When it goes wrong he blames not him, or it but them' (King. 1975). King and Brittan (Brittan, 1975) contended that in apportioning such blame, confidence in the very idea of democratic government itself was undermined.<sup>24</sup> It is telling that there was no counter argument to this point, although the Left tended to argue that the state was undergoing a crisis of delegitimation and the decline of authority was seen as a manifestation of that



(Habermass, 1975, Offe, 1975). The fact that there was no counter argument advanced and that the left merely argued it was a crisis of a different type, merely heightened the sense of crisis and confirmed the contention that the future prospects for maintaining the social democratic settlement were likely to be unsustainable, providing fertile intellectual ground for the Overload Thesis to take hold.

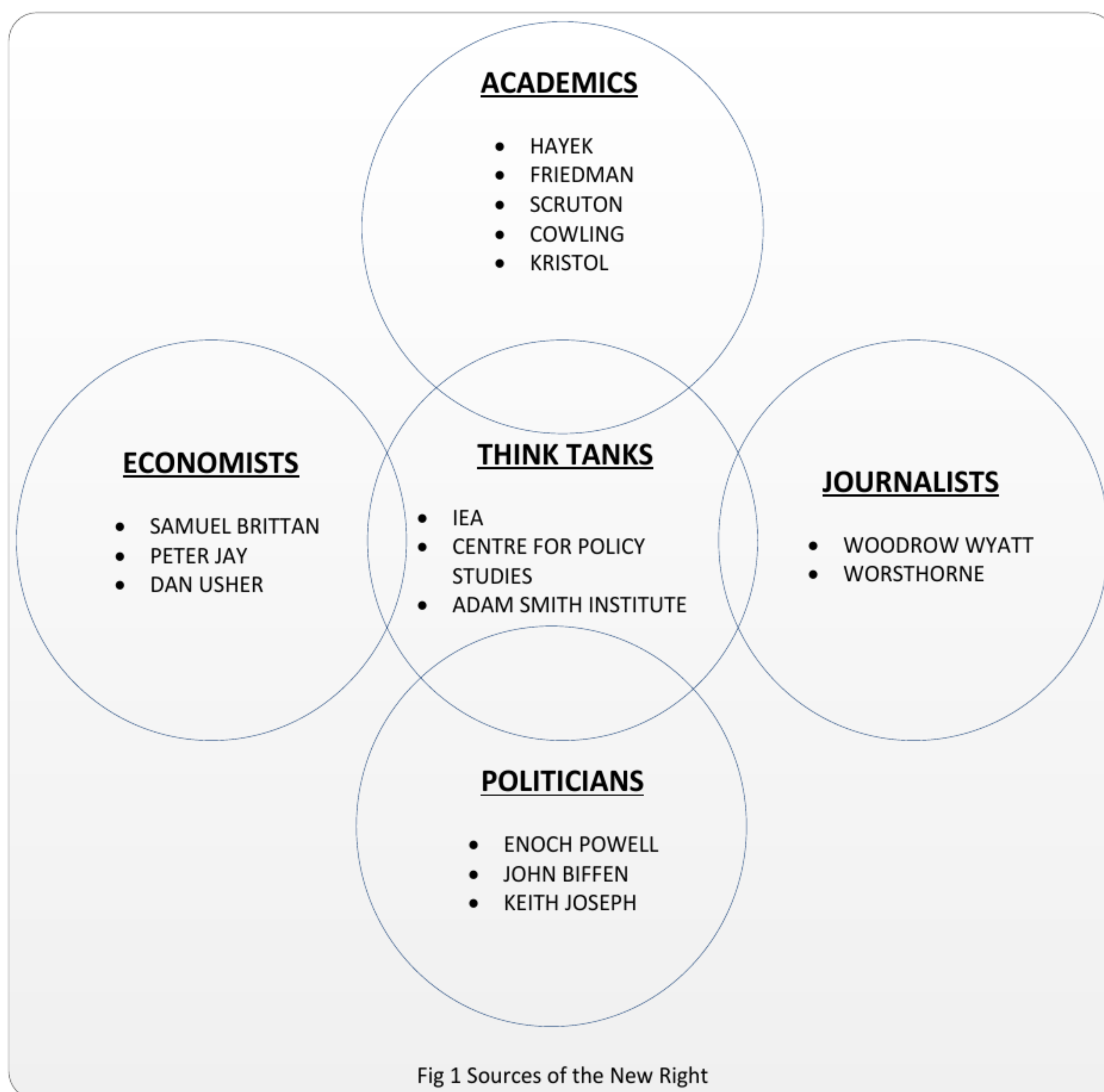
The Overload Thesis (promoted by key figures on the New Right) is important because it laid the intellectual ground for the New Right to argue that the state should do less at both national and local levels. Rather than providing services directly the state should enable provision, hence the shift at local level from local authorities being a provider to being an enabler (Osborne & Gaebler, 1992) facilitating the growth of outsourcing (see Chapter 3 of this thesis) and partnership working (see Chapter 4 of this thesis). If the Overload Thesis provided the intellectual ground, the breakdown of the social democratic consensus provided the political opportunity for the New Right to argue for a different approach to government - central to that prescription was the idea that there must be less of a role for government and more of a role for the market (Jordan & Ashford, 1993). The breakdown of the social democratic consensus was most clearly manifested by the fact that from the 1987 General election onwards,<sup>25</sup> both major political parties tended to converge upon a new policy consensus which abandoned the commitment to full employment and accepted monetarist economic management, at least as a matter of pragmatism if not an article of faith. This resulted in what may be termed a post Thatcherite consensus (Giddens, 1998).

Schumpeter had indicated long ago that for democracy to work, the remit of government must be limited and those making political demands must exercise self-restraint, on the basis that the electorate should not regard government as being responsible for whatever crises may arise (Schumpeter, 1950). After all, King had reminded us that part of the problem was that 'government had come to be regarded.....as a sort of unlimited liability insurance company, in the business of insuring all persons at all times against every conceivable risk'.<sup>26</sup> Brittan argued that the electoral bidding war between parties led to expansionary pressures that not only caused inflation but did so in a way that undermined democracy itself (Brittan, 1975). Brittan and Jay (Jay, 1977) argued the nature of the social democratic consensus

caused inflationary pressures that domestic governments did not have the political will to control. Jay argued that they could never abandon the hitherto politically popular commitment to full employment whilst Usher made the case that incomes policies were not sustainable from a political point of view, however desirable they may be economically (Usher, 1981). Neo-conservatives from the USA voiced concerns about the inherent cultural contradictions in Capitalism (Bell, 1976), the unequal pressure that interest groups asserted resulting in 'democratic distemper' (Huntingdon, 1975) and the fact that government activity produced an army of bureaucrats that were sympathetic to 'liberal' policies resulting in government growth (Kristol, 1978). Added to the neo-Marxist arguments that the state was becoming delegitimated<sup>27</sup> whether as a result of fiscal/structural pressures (Offe, 1975) or culture and values (Habermass, 1975) and it becomes clear that the status quo represented by the social democratic consensus was under threat. At a global level, the prescription of the New Right was for an open economy based on floating exchange rates (for which the opportunity was provided upon the collapse of the Bretton Woods system of fixed exchange rates in 1973) and free trade. At a domestic level, the solution was seen as privatisation where possible and marketisation where not (Bacon & Eltis, 1976). That the Overload Thesis has been subject to criticism on the basis of being non scientific, along with a debate as to whether it was time specific to the circumstances of 1970s (Birch, 1984), does not detract from the fact that the thesis was a powerful driver in challenging key elements of the social democratic consensus that existed. The main contributions to this debate were philosophical but such speculation was often grounded in contemporary events which had given rise to the latest crisis in one area or other of public policy. The main empirical contributions came later from Rose (Rose, 1984, 1994) and were directed towards analysis of the growing public sector. The programme of the New Right was perhaps best summed up by Gamble in his book titled 'Free Economy & Strong State: The Politics of Thatcherism' (Gamble, 1988).<sup>28</sup>



## 2.4. Sources of New Right Thought



As can be seen from Figure 1 above, the term 'New Right' can be taken in the British context as being manifested through a mix of journalists, economists, academics and politicians feeding off work of think tanks committed to promoting free market ideas and seeking to restore the authority of the state. (See Annex 2 of this thesis - 'New Right Thought').

Think Tanks (Cockett, 1994) such as the Institute of Economic Affairs (established in 1957), the Centre for Policy Studies (established in 1974) and the Adam Smith Institute (established in 1977) were at the centre of this process and acted to



develop and popularise free market ideas. Press columnists such as Woodrow Wyatt at 'The News of the World' and Peregrine Worsthorne at 'The Sunday Telegraph' made the arguments for less government and the expansion of 'popular capitalism'. Economists such as Samuel Brittan (Brittan, 1975) and Peter Jay (Jay, 1977) focused upon the economic difficulties of the social democratic settlement, which led to politicians such as Geoffrey Howe, David Howell (Howe, Joseph, Prior, Howell & Maude, 1977), Keith Joseph (Joseph, 1975) and John Biffen (Biffen, 1976) rediscovering free market ideas under the leadership of Thatcher (Thatcher, 1977) that had been espoused in previous generations by Enoch Powell and Edward Heath (Blake, 2010).

### **2.5. The New Right Policy Prescription.**

Neo-liberal Ideas had been around since 1930's (Turner, 2011) but in the British context it was the crisis of social democracy/overload and economic failure of Keynesian consensus that delivered the political opportunity (Kingdon, 1984) to popularise them further.<sup>29</sup> It is worthy of note that 'monetarism' was actually first practised by the global institutions such as IMF, World Bank (Gamble, 1981) rather than being used as a domestic policy solution. When it was so introduced, it was done so by the Labour government in 1976 following IMF conditions (Jay, 1977) rather than the Conservative government which sought as a matter of ideology to practice the policy from 1980 onwards.

The New Right policy prescription to deal with what they saw as social democratic failure led to a policy programme around control of inflation, low taxation, privatisation/marketisation and reduction of state activity (in part to deal with the overload crisis). This had an adverse impact on central/local government relations<sup>30</sup> (Marquand & Crouch, 1989) as spending/cash limits took hold. Debates have been had around the extent to which the Thatcherite project was actually successful say in terms of rolling back the frontiers of the state and reducing state expenditures and the difficulties posed by modern (social democratic) government in this respect (Rose, 1984). It did however arguably shift the consensus leading to the establishment of a new post Thatcherite settlement (Giddens, 1998, 2000) making these once radical political ideas now part of a new political orthodoxy. Regardless of



the state of these 'success debates' however, the point to note here is that it created a philosophical context for an intellectual and political climate which ushered in the New Public Management ('NPM') era (Hood, 1991, Osborne & Gaebler, 1992) emphasising efficiency and the importance of obtaining value for money within public services. This laid the foundations for the legal/policy regime that facilitated the outsourcing of local government services (see Chapter 3 of this thesis) and the growth of partnership working (see Chapter 4 of this thesis), thereby increasing the complexity of governance whilst at the same time raising questions about how these arrangements should be properly scrutinised (see Chapter 5 of this thesis) to ensure accountability is not compromised.

### 2.6. Overload Revisited

In light of the prevailing 'New Right' analysis, it is worth revisiting the Overload Thesis to consider the impact it has had and the implications going forward. The (locus classicus) seminal paper by King (King, 1975) - set out two central interlinked propositions - namely (1) that government was doing too much (as a consequence of increased expectations) and (2) that government had a reduced capacity to properly respond. Just when reach of government was being extended, its grasp was being relinquished. It should also be noted that King also quotes La Porte (La Porte, 1975) in making reference to the issue of complexity and the growth of dependence relationships as part of the explanation for Government failure.

It may be true (as Birch pointed out) that much of the original Overload thesis was time/place specific (Birch, 1984). A review of King's paper reveals a host of public policy problems across a range of government activity in 1960/70's from failures of local government reform, conflicts in the NHS and higher education as well as difficulties of implementing incomes policies, all supporting the argument that the 'business of government was becoming more difficult' resulting in less fit between the promises contained in party manifesto's issued at election time and the actual delivery of electoral mandates by governments once elected.

Whilst the Overload Thesis had particular resonance in the UK - being popularised by King not only through the original article but also by a BBC TV series and by being promoted by influential economic commentator Samuel Brittan - the principle



of governments seeking to do too much, whilst at the same time having a diminished capacity to act (extending its reach whilst reducing its grasp) was considered to be a symptom of western democracies generally. Crozier made reference to the problem across Western Europe impacting upon even prosperous economies such as West Germany and Switzerland (Crozier, Huntingdon & Watanuki, 1975) whilst Huntingdon observed that 'The vulnerability of democratic government in the United States....comes from....the internal dynamics of Democracy itself' (Huntingdon, 1975). In a generalised context Sartori had already drawn attention to the issue in his article revealingly titled 'Will Democracy Kill Democracy?' (Sartori, 1975) echoing the analysis of Schumpeter a generation earlier (Schumpeter, 1950).

King had identified two key linked processes at work which led to Overload:-

(1) inflated expectations and (2) a diminished capacity to act.

(1) On the first issue - that of inflated expectations - although on a philosophical level there was broad unity across the New Right that the remit of government needed to be reduced, opinion differed amongst commentators as to how practical this proposition was. Both King (King, 1975) Brittan (Brittan, 1975) and Jay (Jay, 1977), were pessimistic that expectations could be dealt with whilst others such as Rose contended that it should be possible for democratic governments to lead the clarion call to the electorate to set boundaries for reduced expectations to reflect times of economic difficulty (Rose, 1984), although it appears that the optimism of Rose may well have been misplaced as his subsequent writings on cutting the growth of government showed how difficult this task actually was (Rose, 1994).<sup>31</sup> Any assessment today - 40 years since the Overload Thesis was first formulated - would be likely to show that the broad reach/remit of government has perhaps not been substantially reduced.<sup>32</sup> Some 'advances' have been made - notably the relinquishment of the responsibility to plan/manage the economy to deliver full employment (which was considered impossible by Jay) (Jay, 1977), together with programmes of privatisation thereby reducing the state sector and we may look back on some of the more colourful examples cited by King - such as the attempt by hoteliers to gain compensation for the cancellation of party conferences in Blackpool in 1974 or the bailing out of a private holiday firm by the government, as examples



that would never occur today. But on the other hand, government expenditure remains at well over 40% GDP and the remit of government, from economic management to industrial and social policy remains substantial. Any progress on expectations therefore has perhaps been limited, at best.

(2) It was perhaps on the second issue - improving the capacity of government - that more progress has been made. Although less prominent in political discourse, improving competence/building capacity of government/agencies to act was a key area for attention by management theorists. Osborne and Gaebler (Osborne & Gaebler, 1992) in the US and Hood in Britain (Hood, 1991) popularised the idea of the 'New Public Management'. This built upon the ideas of 'marketisation' - the lexicon of public service management became dominated by discussions of internal markets, benchmarking, customer charters, performance indicators, devolved management, fixed term flexible employment contracts and devolved budgets. Central to this process was market testing/outsourcing of public services at both central and local levels. This was important not only for giving effect to the ideas of Bacon & Eltis (Bacon & Eltis, 1976) (see also Jordan & Ashford, 1993) - of privatisation where possible and marketisation where not - but also in giving effect to the idea (particularly at local level) of public services being commissioned rather than directly provided. A key role of a local authority thus became to commission and manage outsourced services rather than provide them directly.<sup>33</sup> This was perhaps in part due to the New Right/Public Choice contention that the competition inherent in market provision would be more efficient and more likely to secure value for money, but it also laid the groundwork for the legal/policy frameworks that were put in place to facilitate local authority outsourcing and partnership working which are discussed later in the thesis (see Chapters 3 and 4).

### **2.7 Overarching Narrative: Contribution of Chapter 2**

Chapter 2 has chronicled how the main response to the Social Democratic crisis came from the New Right, by way of the Overload Thesis (King, 1975, Brittan, 1975) which essentially argued that the state was overstretching itself engaging in too many functions, whilst performing none of them well, with economic stability and political authority being compromised as a result. The solution was to pursue



programmes of privatisation and marketisation (Bacon & Eltis, 1976, Jordan & Ashford, 1993, McMaster & Sawkins, 1996) for which the theoretical basis and legislative foundations are explored in Chapter 3.

### **2.8. Summary & Conclusion**

The hollowing out of the state at local government level has had two consequences—namely (1) the growth of outsourced services facilitated by a highly directive and centralised legal/policy regime and (2) the development of partnership working, as local authorities sought to build capacity to deal with increasingly complex public policy agendas characterised by cross cutting issues (Williams, 2002, 2010). Whilst these arrangements were introduced as part of a deliberate political approach, over time they became the subject of the ‘third way’ consensus (Giddens, 1998, 2000). In this context they lost their ideological edge and became part of the new managerial, organisational and political landscape, supported by a legal/policy framework, in which practitioners increasingly operated in a pragmatic fashion with a preference for whatever worked (Giddens, 1998, 2000). The privatisation/marketisation agenda that was introduced as radical is now commonplace and has resulted in local government arrangements being re-forged around a hollowed out state characterised by services that are delivered through commissioning or partnership arrangements. It is to the legal/policy regime that was put in place to facilitate the outsourcing of local government services that we must now turn in Chapter 3.



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## **Chapter 3 – Governance: Outsourcing of Local Authority Services.**

### **Contents**

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### **3.1. Introduction: Local Authority Contracting Out of Services**

This chapter has three purposes – First, to highlight the importance of outsourcing as a phenomenon with reference to the market that has developed. Second, to provide an overview of the key theoretical perspectives that have informed the development of outsourcing and thirdly to chronicle the development of the legal framework and the policy linked to it. These three elements are inextricably interlinked. It shall be argued that the theoretical perspectives outlined (predominantly public choice and to a lesser extent principal/agent theory) have had a profound influence upon the body of law relating to the outsourcing of local authority services in England & Wales.

Although some writers maintain that these developments merely represented a practical and pragmatic response to challenging economic circumstances (Wassenaar, Groot & Gradus, 2013), it is undeniable that these developments had their roots in the New Right neo-liberal project of the Thatcher era (which was examined in Chapter 2) and the subsequent development of ‘New Public Management’ doctrines (Hood, 1990) (which became the dominant managerial discourse within the public sector over the last quarter century) with a focus upon delivering technical efficiency, with management and organisation directed towards that. Outsourcing as a phenomenon, is at the heart of the hollowed out state (Rhodes, 1994) as the dominant organising principle became that of competition. This fitted well with the New Right policy prescriptions of privatisation/marketisation (Bacon & Eltis, 1976, McMaster & Sawkins, 1996) that were adopted in an attempt to rescue the failed social democratic state from the crisis of overload (King, 1975, Brittan, 1975 Jay. 1977).

### **3.2. The Outsourcing Market**

A recent National Audit Office Report (‘the NAO Report’)<sup>34</sup> indicated that the annual UK public procurement budget was £187bn including £147bn in the local government sector alone. Reference is made to Part 1 of Annex 3 of this thesis (‘Outsourcing Issues’ - ‘Part 1 – The Outsourcing Market’) which chronicles the major features of the outsourcing market.



There continued to be an almost blind faith in the ability of the market to deliver (Hayek, 1960) even if what was operating in practice was an oligopolistic market rather than one characterised by perfect competition. Outsourcing in local government went through a number of phases, with compulsion being introduced for blue collar services in 1988<sup>35</sup> and white collar services in 1992.<sup>36</sup> Compulsion was eventually abandoned by the Labour Government with the abolition of CCT and the introduction of Best Value in 1999.

Although the methods to achieve outsourcing have shifted from being compulsory to voluntary, it is clear that value for money remains the driving force. Originally implemented as part of the New Right project, which Local Government was ill equipped to resist (Bogdanor, 1988),<sup>37</sup> it seems now to be adopted as a pragmatic tool to obtain maximum efficiencies and appears to have been stripped of its ideological character (Giddens, 1998,2000). The shift from CCT to Best Value to some (Parker & Hartley, 1997, Entwistle & Martin, 2005) represented a 'political' shift (coinciding as it did with a change of Government to 'New Labour' in 1997) to a more constructive (as opposed to competitive) procurement process. But it is also true that the shift in part was a response to the problems that CCT had presented notably in terms of bureaucracy and contract management (Boyne, 1998). Questions still raged about how to measure outputs which were easier in some areas (e.g. refuse collection) than others (e.g. legal services) and the contract remained the dominant mode of measurement, which became important particularly when league tables were being used to measure the performance of the local government sector as a whole, as part of the Comprehensive Performance Assessment Process (under the Local Government Act 2003). Setting contract requirements and monitoring the observance of them, involvement of politicians and local interest groups and publication of performance data all remained constant management challenges. It has been argued that a transparent approach to these issues is vital if public confidence is to be maintained (Skelcher, 2005). Indeed there is evidence to suggest that providing adequate contract management is a continuing challenge for local authorities.<sup>38</sup>



### 3.3. Key Theoretical Perspectives

The decision to outsource local authority services has to be placed in theoretical as well as political context. It has been noted in Chapter 2 that the New Right had a confidence in the ability of competitive markets to deliver efficiency that almost bordered on an article of faith (Hayek, 1960).<sup>39</sup> Linked to this, two theoretical frameworks in particular have driven the outsourcing debate - namely Principal/Agent Theory (with an acknowledgement of Transaction Cost Economics) and Public Choice Theory, which particularly in its normative form laid part of the broader ideological foundations for the New Right assault on the social democratic consensus (Self, 1993) which is reviewed in Chapter 2 of this thesis.

#### 3.3.1. Principal/Agent Theory.

The basic problem is one of how to ensure the agent (in this case the contracting firm) acts in the interests of the principal (in this case the local authority) who engaged them. It was in this context that Donahue considered the question of what to privatise and contended that exposure to a competitive market should work best when the principal (in this case the public agency/bureaucracy) can identify and specify particular outputs/standards that are required to be delivered by the agency (in this case the firm tendering for the contract) (Donahue, 1989). It may be added that these standards would have a focus on outputs (rather than inputs) and are to be framed as deliverables (usually SMART targets - specific, measurable, attainable, realistic and timed) that form the basis of a contract specification, that is priced up, benchmarked and put to the open market, with performance requirements specified and guaranteed by contractual and legal means (Llewellyn, 1931). In such circumstances the successful bidder on the basis of submitting the most economically advantageous tender (known informally as 'MEAT') would claim to be able to deliver those requirements on the basis of the lowest cost (Hayek, 1960). In an ideal scenario, the principal would be able to terminate/re-appoint suppliers as required in the event of non/under performance. In practice there are costs attached to this and whether such an option is practical may well depend upon the minutiae of contract drafting<sup>40</sup> and associated legal considerations (such as time and costs involved in termination and re-tendering) and practical considerations (such as a break in service provision) in any particular situation.



### 3.3.2. Transaction Cost Economics

This debate around the Principal/Agent thesis links with the markets/hierarchies perspective and the doctrines of Transaction Cost Economics associated in particular with Oliver Williamson (Williamson, 1975) who maintained that the decision whether or not to outsource in the first place - the 'make or buy decision' is determined by what delivers the lowest transaction cost. Although markets had their proponents (Hayek, 1960) as did administrative structures/hierarchies (Barnard, 1938) the 'make or buy' decision as to how a service would be provided would be dictated by which produced the lowest transaction cost.

Under the Principal/Agent thesis, the principal (in this case the bureaucracy) should be able to clearly specify and subsequently monitor/police compliance with specified standards, secured by way of contract (Llewellyn, 1931) and change suppliers in the event of any under performance and use appropriate legal remedies such as breach of contract. The Principal/Agent thesis runs into difficulties however when outputs become difficult to measure and specify, meaning that the costs are not transparent (Boyne, 1998). It is also problematic when considering the question of quality (Walsh, 1991). This latter aspect was particularly clear with the extension of white collar CCT post 1992 (Cirell & Bennett, 1994). Furthermore, there is the problem of contractors post selection minimising effort in a way consistent with contract compliance.

Others have noted how Principal/Agent thesis suffers problems in that (1) the agent (in this case the contracting firm) is likely to pursue their own self-interest rather than anything else (parallels may be drawn with the interest of politicians/bureaucrats in Public Choice theory below) and (2) the problem of asymmetrical information in that the agent (the contracting firm) is closer to relevant information because it is at the 'coal face' of operations and the principal is reliant upon it to be fed back in an way that is open, timely and complete (Barrow, 1996, Moe, 1984).

The question arising out of principal/agent theory (and related transaction cost economics) is therefore if it is possible for the principal (as contracting authority) to draw up and police a service specification in such a way to secure compliance from the agent (contracting firm) who it is accepted will pursue their own interests and are



closer to relevant information 'at the coal face'. It may be easier to meet these requirements in some service areas (such as refuse collection) than others (such as care services).

The chief contention of the Principal/Agent thesis was that agents (contractors) pursued their own interest. Parallels may be drawn with the Public Choice school which argued that bureaucrats (public servants) acted in their own self-interest too, hence the policy prescription of privatisation/marketisation advanced by the New Right (which is explored in Chapter 2) to remedy the problem (Bacon & Eltis, 1976, Jordan & Ashford, 1993, McMaster & Sawkins, 1996). It is argued that this perspective became the dominant theoretical support for outsourcing and it is to that, we must now turn.

### **3.3.3. The Public Choice Perspective.**

The Public Choice perspective considers the application of economic methods to the problems of politics (Downs, 1957, 1967). It takes as a point of departure the notion of utility maximisation and assumes that people act in their own self-interest to maximise their own utility. Le-Grand talked of bureaucrats as 'selfish knaves' rather than 'selfless knights' (Le-Grand, 1997) whilst Buchanan referred to public choice offering an analysis of politics 'without romance' by adopting such a position (Buchanan & Tullock, 1962). It also takes the unit of analysis as the individual and decisions made by them rather than adopt a focus upon collective decision making (Shughart & Razzolini, 2001) or upon any notion of the common good – a notion that dates back to Aristotle in political philosophy and is responsible for driving ideological ideas as diverse as Pluralism and Marxism. Public Choice has had a widespread application across spheres of politics and public policy suffice at the moment to note that it has raised questions about the nature of the democratic process in modern society through the 'Impossibility Theorem' (Arrow, 1951) which indicated that it was mathematically impossible to aggregate collective preferences in a socially useful way that reflected a diverse society. Public Choice has been applied to analyse why people choose to vote (Downs, 1957, Tullock, 1962) and how they choose to vote developing ideas such as the median voter theory (Black, 1958) and pocket book economics (Downs, 1957) as well as the role of legislators and interest groups and the notion of pork barrel politics (Olson, 1965). Most important however in the



context of the current project is its application to bureaucracies (Downs, 1967, Niskanen, 1971, Tullock, 1965) and it is to that which we must now turn.

### **3.3.4. Public Choice & Bureaucracy**

Boyne reviewed the application of Public Choice theory to the operation of bureaucracies (Boyne, 1998). Building on the self-interest/utility maximisation thesis noted above, the point of departure is the classic statement that bureaucrats seek to maximise the budget for their particular bureau (Niskanen, 1971). It was then noted that this was likely to focus upon the discretionary budget that was under control of the bureaucrat (Migue & Belanger, 1974) and this was likely to focus upon a core budget covering salaries and governing the number of staff posts rather than programme budgets or substantive policy on say housing or health (Egeberg, 1995). This raises the question of the power of the bureaucrats and as such it was perhaps logical that the dominant idea came to be that bureaucrats aimed to 'bureau shape' rather than simply maximise budgets (Dunleavy, 1991). This idea has been analysed further (Marsh, Smith & Richards, 2000). Having considered the speculations that Public Choice have made on the bureaucracy generally, it is worth examining this further in the particular context of local government.

Public Choice theory has been applied to local government structures<sup>41</sup> and to the idea of local government competition<sup>42</sup>

### **3.3.5. Challenges Arising from the Public Choice Perspective**

As a model, there are problems with public choice on a number of levels. Some take issue with the utility maximising rational action bias upon which it is based whilst the selfish motive has been questioned by those who claim that altruism is also a rational choice (Rawls, 2005, Titmuss, 1970) to which little weight is given. It is worth noting at this point that although the normative form of public choice has been predominant over the last three decades owing to the balance of political forces in the UK/US leading one commentator to label it 'Reaganomics' (Self, 1993) it is possible to use public choice methods to arrive at social democratic conclusions (Rawls, 2005), Boyne notes that outsourcing may have delivered on technical efficiency, but by solving one set of problems (technical efficiency) it may have



created three more notably – costs due to low trust, transaction costs and rent seeking - whilst not dealing with allocative efficiency at all (Boyne, 1998).

The faith in markets held by public choice theorists was reflected in the legal framework that supported outsourcing – most notably by way of the provision (under section 17 Local Government Act 1988) that prevented ‘non commercial’ considerations being taken into account in awarding contracts under the tender process.

This had both political and legal implications. On a political level, it underlines the controversial nature of the policy which was strongly opposed by those on the left and must be seen in the context of a very difficult period of central/local relations (Marquand & Crouch, 1989) coming as it did only a few years after the surcharge/rate setting controversies at Liverpool CC and Lambeth LBC in 1985 (echoing similar problems at Clay Cross DC more than a decade earlier) and the abolition of the Labour dominated GLC and Metropolitan Counties in 1986. There was an argument that the whole democratic basis of local government was being undermined by bypassing to other agencies - this was particularly the case in certain areas such as urban regeneration - with the onset of Development Corporations (Dabinett, 1995). This marked the start of a decade or more of debates around the blooming quangocracy which were later to flourish with questions around the democratic deficit, culminating in the pressure for constitutional reform (Ridley & Wilson, 1995, Gamble, 1988). This adds to the argument that governance is becoming increasingly complex. Provision of public services through a multiplicity of bodies and agencies, only some of which are firmly linked to the process of elective politics, complicates governance and raises a question about the nature and sufficiency of accountability arrangements within this new (and increasingly complex) governance regime. At a legal level, it serves as a reminder to the role that law played in securing the policy regime and the need to be aware of the broader legal context of outsourcing for three reasons – first because the European Union has had an impact and imposed various requirements to which British policy had to give effect, second because local government operates in a statutory context and traditionally policy has only been able to take effect through specific legislative measures<sup>43</sup> (often supported by administrative advice in policy circulars) and third



because court decisions (both UK and EU) have impacted on how outsourcing actually operates, not least regarding the application of TUPE protection. It is within this legal context that service delivery goals are set, employment rights are provided and management systems that control people, information and resources must work within.

### **3.4. The Legal/Policy Framework**

An authoritative overview of the legislation is provided by Bailey & Crawford in what is probably the leading legal practitioner text for local government lawyers (Bailey & Crawford, 2004). The growth and impact of the legal framework (much of it through secondary legislation, court decisions and circular advice) was monitored down the years by the leading practitioners in the field Stephen Cirell and John Bennett (Cirell & Bennett, 1994, 1999). Detail of the legal framework is provided in Part 2 of Annex 3 to this thesis ('Outsourcing' - 'Legal Framework').

It should be noted at this stage however, that the legal/policy framework was developed in stages. The first stage (in 1980) <sup>44</sup>was that a number of restrictions were placed on local authority District Labour Organisations so that when they competed for contracts they did not have an unfair advantage. The second stage was in 1988 when compulsory competitive tendering was introduced for blue collar services (such as refuse collection, school meals provision) <sup>45</sup> and the third stage was in 1992 when this was extended to professional 'white collar' services such as legal services and accountancy. <sup>46</sup>

Difficulties around the costs and bureaucracy of managing compulsory competitive tendering led to the compulsory element being abandoned in favour of a voluntary approach with the introduction of the Best Value regime (Martin & Parker, 1997, Cirell & Bennett, 1999) <sup>47</sup> and a focus on 'continuous improvement' (see Part 2 of Annex 3 to this thesis 'Legal Framework').

These developments in the legislative framework were supported by broader legal moves <sup>48</sup> around the powers that local authorities had to enter into contracts <sup>49</sup> and relaxation of restrictions around the ultra vires doctrine, by extending general powers with the introduction of the wellbeing power <sup>50</sup> and later the general power of



competence.<sup>51</sup> EU law continued to play an important role as well not only by setting out the requirements that local authorities must meet for open competition but also through legislation that arose out of TUPE<sup>52</sup> requiring protection of employment terms and conditions.

### **3.5 Overarching Narrative: Contribution of Chapter 3**

Chapter 3 has chronicled the main theoretical basis behind outsourcing/shared services (Principal/Agent Theory (Donahue, 1989), Transaction Cost Economics (Williamson, 1975) and Public Choice Theory (Niskanen, 1971, Tullock, 1965) and set out the legislative basis upon which outsourcing/shared services have been built. This has created a complex governance environment, characterised by partnership working and an interlinked public policy agenda which is explored further in the next chapter.

### **3.6. Summary & Conclusion**

This chapter has reviewed the theoretical and legal frameworks that underpin local authority outsourcing, and identified the historical context in which these have developed. Contracting out services was the manifestation of the privatisation/marketisation (Bacon & Eltis, 1976) demand of the New Right, which was central to the drive for economic efficiency and considered an integral part of the New Right project (Jordan & Ashford, 1993). This subsequently led to the 'hollowed out' state (Rhodes, 1994) as councils increasingly became commissioners of public services rather than direct providers of them. There have been significant moments along this journey – the restrictions placed upon Direct Labour Organisations in 1980, the introduction of compulsory competitive tendering for blue collar services in 1988 and white collar services in 1992 and the abolition of compulsion with the introduction of Best Value in 1999. It has been contended that the ideological gloss has now been stripped away from outsourcing and it is considered more of a practical tool (Wassenaar, 2013, Giddens, 1998, 2000) to ensure best service delivery. It shall be worth exploring this point with practitioners at the empirical stage of this thesis. Notwithstanding this point, it is clear that challenges still remain for local authorities particularly around contract management<sup>53</sup> and problems may arise when outsourcing goes too far<sup>54</sup> although there is a legitimate debate over just where

this line shall be drawn. Outsourcing has further complicated traditional governance models (Stewart & Walsh, 1992) and has been underpinned by the principle of competition. It shall be worth exploring at the empirical stage the extent to which outsourcing is viewed as a significant part of the Governance 'jigsaw' by practitioners and the implications this may have had for complicating governance and bringing challenges to traditional scrutiny/accountability processes. Governance has been further complicated by the need for local authorities to develop/retain capacity not only to commission and provide services, but also to shape their local communities by driving economic and physical regeneration in their areas. In doing this crucial 'place shaping' <sup>55</sup> work, they have increasingly resorted to the principle of co-operation which has manifested itself in the growth of partnership working. It is to this issue that we now turn in Chapter 4.



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# Chapter 4 - Governance: Partnership Working

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### 4.1. Introduction: Partnership Working

This chapter has three purposes. First, it sets out the nature of the Public Policy agenda which local authorities are working with partners to deliver. Second, it contains a broad survey of literature on Network Governance and the application of it in a local government setting and third, it sets out details of bodies and structures which comprise the new governance landscape. These bodies/structures are often recent innovations. This chapter chronicles the nature of the current governance landscape, it is therefore contemporary in nature and the researcher contends that this is likely to be of particular interest to practitioners within the sector. This chapter draws on experience of particular cases notably in respect of the Greater Manchester and Sheffield Devolution Deals. This is instructive for three reasons (1) because together they show the clear direction of travel for local governance, (2) these two examples are worthy of detailed discussion because the issues they represent are likely to figure largely in discussion with practitioners in this thesis at the empirical stage and (3) it shows more generally the benefits that can be derived from use of the case study method. On this latter point, needless to say that practitioners within the local government sector are watching the operation of these Devolution Deals with considerable interest for what they may offer to other areas in the future.

In addition to the outsourcing of service provision, a further consequence of the state being hollowed out (Rhodes, 1994) is that it needs external assistance to deliver what is an increasingly complex public policy agenda (see section 4.2). This is partly a question of capacity - not least because although local authorities are large multi-functional bodies employing a wide range of expertise, they do not have the capacity to deliver diverse services from burials to policing, economic development to social services on their own. They therefore rely upon partners to do so (Parijs, 2013). This position has been underlined by local authorities adopting a Community Leadership role (Sullivan, Downe, Entwistle and Sweeting, 2006) commissioning services and sign posting recipients to the agency through which required services can be obtained. There is also the question of delivery. The public policy agenda and delivery of services under it are complex. What appears at first a simple policy issue is likely to have an impact on several public policy areas, with several agencies



involved in delivering it (see section 4.2). Take the issue of securing employment. This requires a favourable tax/regulatory environment to attract business, requires developed infrastructure (both digital such as broadband and physical such as transport links) and an education/training system to develop appropriate skills to enable people to take available jobs. If a high level of employment can be achieved it should have a positive impact on the health and wellbeing agenda and the crime/disorder agenda as employed people are less likely to get ill or commit crime. It therefore requires partnership linkages with police and health sectors as well as transport bodies and training colleges. This shows that partnership working is vital to ensuring delivery of an increasingly interlinked and complex public policy agenda (Deleon, 1998) that is characterised by 'wicked' cross cutting issues that defy simple or lateral solutions (Williams, 2002). There is a lack of empirical work examining these complex governance arrangements within the local government sector from the viewpoint of practitioners (elected members and officers). In particular there are questions of how leadership may be exercised in this context particularly in light of the notion of the 'Boundary Spanner' (Daft, 1989, Williams, 2002, 2010). The concept which was initiated by Daft and expanded upon by Williams, rests upon the observation that in each network there is usually one (or maybe more) individuals which provide a link between organisations and are best placed to understand the thinking in more than one organisation. This is of crucial benefit to the functioning of the network. At a corporate level in a local authority context Chief Executives are likely to fulfil this role. Also of relevance is likely to be the development of 'Servant Leadership' (Greenleaf, 1991, 2003) models. This concept was initiated by Greenleaf (see Greenleaf, 1991) and rests upon the idea that the motivation behind leadership is to serve – with service being first and leadership being second - be it in providing support to colleagues or delivering to wider goals. It requires a high degree of situational awareness, foresight and the ability to listen and value contributions from others as well as to prize deliberation as the basis for action rather than directive solutions imposed on the basis of role authority from the top, exercised simply by virtue of organisational position in the bureaucratic chain. The ability to persuade and listen are considered crucial and career goals are achieved through working with colleagues and developing their talents rather than simply aiming to broaden one's own experience. Greenleaf listed ten characteristics of servant leaders – Listening, Empathy, Healing, Awareness, Persuasion, Conceptualisation, Foresight,



Stewardship, Commitment to Growth of People and Building Community (Greenleaf, 2003). There are also questions of how to manage networks and complexity (Osborne & Gaebler, 1992) in such an environment.

### **4.2. Partnerships & The Public Policy Agenda**

If governance has become more complex, then at least part of the explanation must be that the public policy agenda that it delivers has itself become more complex, characterised by 'wicked' issues defying simple solutions (Williams, 2002), with many policy areas being linked to each other and multiple agencies being required to deliver action on what at first glance may appear to be a one dimensional policy problem (Deleon, 1998).<sup>56</sup> For instance many local authorities regard securing economic growth as a key objective (See Chapters 8 and 9 of this thesis) in order to secure jobs and manage down the costs of welfare provision, to enable localities to flourish and contribute in a positive way to the national economy (O'Neill, 2014). Creating favourable conditions for economic development however requires attention to several policy areas such as transport, business support, digital infrastructure, skills, housing, crime and health. It is useful to survey some of these areas with a view to acknowledging the complexity of public policy and of the governance mechanisms surrounding it.

#### **4.2.1. Transport**

Efficient and effective transport provision is vital to driving economic development, as it attracts businesses and links markets for labour and goods (hence the importance of freight). It facilitates movement of commuters, customers and tourists and enables access to civic amenities and public facilities such as schools, universities, churches and hospitals (One North, 2014). The importance of transport in supporting social and civic life is difficult to overstate (Centre For Cities, 2014A). An integrated transport system is considered vital for boosting economic growth and delivering benefits of agglomeration<sup>57</sup> (Harding, Rees & Sensier, 2010, O'Neill, 2014, One North 2014). An efficient integrated transport system boosts labour market connectivity and business to business connectivity which is vital to delivering agglomeration (Swinney & Bidgood, 2014). This requires a shift in to a 'Continental' style European City mind set<sup>58</sup> (Cadell, Falk & King, 2008) which considers transport



infrastructure expenditure as a long term capital investment designed to boost Gross Value Added in the local economy rather than viewing it in the traditional British way as a short term social welfare cost, which only delivers journey time benefits to commuters who make the journeys (Deighton, 2014).

Several issues arise. First there is the need to ensure that transport systems have adequate capacity to carry passengers. The need to relieve capacity problems on the west coast mainline has been a key argument in support of proposals for the development of HS2 between London, Birmingham and the north of England (Higgins, 2012) and of HS3 proposals to develop a fast transpennine rail link between Manchester and Leeds, thereby addressing the capacity problems on the northern transpennine route (Higgins, 2014). It has been suggested that it was only possible to move 1 million jobs from outer London to central London in the decade running up to 2013, because the tube system facilitated it. The appeal of central London as a location for high GVA jobs has been in part due to the fact that TFL significantly boosted capacity across all transport modes (Rosewell, 2013). The Chief Executive of Manchester City Council has correctly observed that the capacity issue is every bit as important as reduced journey times in delivering economic growth, although the latter cannot be ignored (Bernstein, 2014A, 2014B, 2014C). The issue of reducing journey times and the ability to boost economic growth as a consequence was recognised in the HS2 proposals designed to reduce journey times from Manchester to London to one hour eight minutes (Higgins, 2012), and in the HS3 proposals designed to reduce journey times between Manchester and Leeds to just 26 minutes (Higgins, 2014). It was also underlined in the reaction of civic leaders in cities such as Liverpool who were excluded from the initial HS2/HS3 proposals (Hough, 2014).<sup>59</sup> The third key issue is that of ensuring strong connectivity between commercial centres (One North, 2014, Midlands Connect, 2014) in order to deliver agglomeration benefits which are necessary if city regions<sup>60</sup> are to operate as one economic geography and also benefit from connectivity to neighbouring city regions. Connectivity between centres is supported by the development of inter-modal/ticketing arrangements (Centre For Cities, 2014B) and it has been suggested that Oyster style ticket arrangements should be adopted for the north<sup>61</sup> (O'Neill, 2014). It has been noted that the bus is the most often used mode of public transport (Centre For Cities, 2014A, 2014B) yet outside London provision of bus services has



been entirely market driven, with communities cut off from services, leaving workers unable to access employment (Centre For Cities, 2014A, 2014B) hence the demand from civic leaders for powers to re-regulate local bus services (see section 4.12 below). The One North proposals also include measures to deal with highway bottlenecks and strategic road capacity by developing managed motorways and by developing strong transport connectivity between the ports of Liverpool and Hull to facilitate the movement of freight traffic, thereby relieving the pressure on ports in southern England (One North, 2014)

But the governance of transport policy is fragmented across several agencies making planning difficult and partnership working essential (Bel, Brown & Marques, 2013). For instance transport provision involves the following agencies - Local Authorities, The Highways Agency, Department of Transport, Port Authorities, Network Rail, a range of Rail Companies and a host of Bus Companies. Each has rules, regulations, legal and accounting requirements for particular schemes. Transport policy has to operate wider than a particular local authority area, not least because 50% of commuters live in one local authority area and work in another (Centre For Cities, 2014A). Criticism has been made that transport infrastructure investment has suffered from a serious regional imbalance with one study concluding that spend per head of population was £2595 in London compared with just £5 in the north east of England (Cox & Davies, 2013). This has exacerbated demands from civic leaders to exercise more local control (see section 4.12 below). Thus the administration of transport policy itself is complex, even before linkages are considered with other areas such as jobs, housing or health. When these are considered, the complexity increases as the number of dependency relationships multiplies yet further (La Porte, 1975).

### **4.2.2. Business Support**

In addition to transport, economic development requires business support services. It has been shown that providing intensive assistance to start up firms can generate a positive effect on levels of employment (Mole, Hart, Roper & Saal, 2008). These typically cover marketing, promotion, import/export, location advice, business rates support, start up assistance for small and medium size enterprises and labour market advice. Evidence from Northern Ireland suggested that the support of a



dedicated regional agency was thought to deliver positive results (Hart & Gudgin, 2014), however the Regional Development Agencies which carried out much of this work in England were abolished in 2012 leaving these vital tasks to the Department of Business Innovation and Skills and local authorities, linking with DWP and Job Centre Plus on employment issues. The need for partnership working is therefore evident again.

### 4.2.3. Digital Infrastructure

The need for digital infrastructure and in particular access to high speed broadband should not be overlooked. There is a need to shift provision from traditional copper to fibre optic networks (Gomez, 2010). In a globally competitive market, high speeds are considered crucial and at the moment Asia takes the lead with the top countries being South Korea and Hong Kong (Belson, 2014). It has been suggested that the UK should aim for the high speed adopted by Singapore namely 1Gp/s (O'Neill, 2014). The DCMS sets out the National Strategy which seeks to establish 100% access of business/households to basic broadband (2 Mbp/s) and 90% access to superfast broadband (24 Mbp/s) by 2016 rising to 95% the following year (DCMS, 2013, 2014). This is supported by the Super Connected Cities programme<sup>62</sup> set up in 2011 and extended in 2012 which sought to extend wireless coverage in city centres and provide support to business facing costs of connection (DCMS, 2013). Again, the governance is complex. BDUK (a section of DCMS) sets the national strategy whilst individual projects are selected by county or unitary local authorities who engage private providers such as BT to install and run the network with public subsidy (DCMS, 2014). By way of example, eight Greater Manchester councils have recently entered into a £15m partnership with BT to extend high speed fibre broadband to 39,000 homes and businesses. The £15m funding is split between BT, local authorities, the European Regional Development Fund and BDUK, but it is estimated that the plan could create 500 new jobs across the city region, boosting the economy by £80m. (AGMA, 2014).

### 4.2.4. Education/Skills

The ability of a local labour market to provide a trained pool of skilled labour to take advantage of job opportunities available in the area is vital to attracting business and



securing economic growth (Liverpool LEP). This is particularly the case when the national labour market itself is experiencing bifurcation, with a hollowing out of middle level jobs (Clayton, Williams & Howell, 2014), leaving a growing competitive sector of highly paid professional and technical roles at the top, whilst at the other end of the market, roles tend to be unskilled and low paid, with 25% of all British jobs requiring no more than primary education levels of attainment (Mayfield, Cridland & O'Grady, 2014). This leads to intense competition for the best graduates and many northern areas such as Liverpool, Newcastle and Hull have difficulties in retaining graduates in their areas (Northern Futures, 2014). This has serious implications for the capacity to drive economic growth and deliver high GVA jobs in a locality, because it has been shown that the more graduates there were resident in a city in 2004, the more likely the population and stock of businesses was to increase in the subsequent decade (Clayton, 2015). There is also a hollowing out population in many northern areas, as students graduate from the universities there but seek opportunities in London, only to return after retirement age. This exacerbates the fiscal impact of the Barnet Graph of Doom<sup>63</sup> (Brindle, 2012) and leads to an intense desire amongst civic leaders to be able to control the skills budget and set policy locally to reflect the needs of the local economy (Northern Futures, 2014) and the importance of developing a comprehensive local approach has also been documented (Talbot, 2010).

Again, the governance around skills is fragmented - typically local authorities, LEPS, Department of Business Investment & Skills, the Skills Funding Agency, Job Centre Plus, Department of Work and Pensions, Universities and Colleges all have a part to play. Planning is difficult and partnership working is vital to devise and implement relevant programmes around education and skills to enable local economies to grow. Evidence suggests that local administration of programmes may be the most efficient method. It has been noted that the Youth Contract scheme to help unemployed young people into work has a 70% success rate in West Yorkshire when it is administered by the Combined Authority compared to just half that at a national level (Future Cities, 2014). There is an increasing expectation that skills policy and strategies/funding to achieve them will be developed by and directed to the Local Economic Partnerships in conjunction with other partners (such as combined authorities) (Dineage & Morris, 2013).



Economic development is considered important because in addition to generating tax revenues, it provides an opportunity to manage down the costs of welfare provision (O'Neill, 2014) - thereby offering the potential of an area being able to go from being a net burden on the national exchequer to being able to make a net contribution to the national economy.<sup>64</sup> If levels of unemployment can be kept to a minimum, it should have a positive impact on levels of crime and disorder and a positive impact on levels of health and social wellbeing. The ability to create jobs therefore offers the prospect of delivering social and economic improvements that have the potential to deliver on diverse policy agendas from crime reduction to health improvement, thereby driving down costs of welfare delivery and increasing prosperity in the locality in the longer term.

### 4.2.5. Health & Social Care

The Barnett graph of doom (Brindle, 2012) made clear that there was likely to be increasing demand for health/social care services due to the ageing population. This leads to debates around public service design, the ability to deliver tailor made services (Blond, 2014, Ritchie, 2014, Myres, 2014) and the need to pursue integration of health and social care both to aid service delivery and to cut costs.<sup>65</sup> There are for instance several national programmes to deal with issues of complex dependency such as the Troubled Families Programme.<sup>66</sup> This deals with 'wicked' cross cutting problems (Williams, 2002) such as unemployment, poor health, low levels of educational attainment and poor physical environment. It aims to reduce 'interventions' to provide a holistic policy approach to solving deep seated problems. It requires partnership working between local authority departments, police and Job Centre Plus amongst others. Also important are steps to integrate health and social care provision (Taylor, 2014) which requires strong partnerships between the local government and health sectors, in order to deal with complex long term chronic (as opposed to acute) issues such as mental health, obesity and dementia. In the longer term, focus on these areas provides the potential to manage down the welfare budget so that resources can be directed towards productive activity (O'Neill, 2014).



### 4.2.6. Housing

Mention should also be made of housing. A properly functioning housing market delivering an adequate supply of housing of different types (including affordable units and social housing) is required to support economic growth (Bernstein, 2014B, Centre For Cities, 2014A). This requires developing a detailed knowledge of the market upon which to base not only housing policy but wider economic and spatial planning (Wallace, 2008). This raises spatial planning issues as well as requiring partnership working between local authorities, developers and social housing providers.

### 4.3. Network Governance

One key consequence of the outsourcing approach analysed in Chapter 3, was the 'hollowing out of the state' (Rhodes, 1994) whereby the state (in both local and central forms) became much more a commissioner of services than a provider of them. This meant that the state (at both local and central levels) became more dependent on external bodies to deliver services, whilst at the same time, the hiving off of functions through outsourcing, meant that the state lost core competences and became more internally fragmented, thereby adversely impacting upon its ability to steer policy implementation through increasingly complex and diverse policy networks. The increasing reliance upon outsourcing that was so advocated by the New Right (see Chapter 2), enshrined in law (see Chapter 3) and became the new orthodoxy under New Public Management (Hood, 1991) meant that the ability of the state (local and central) to be able to steer policy was even more important than it was before. However, Rhodes noted that the loss of core competences meant that this ability was impaired just at the time it was needed most (Rhodes, 2000). Over time, the consequence of the marketisation agenda in particular, so favoured by the New Right has contributed by way of what Rhodes termed the 'sour law of unintended consequences' (Rhodes, 2000)<sup>67</sup> towards a form of governance characterised by partnerships/networks. Although it is acknowledged that government (both central and local) still has a powerful role to play (McGuire & Agranoff, 2011) in these arrangements and it is therefore recognised that such networks did not totally displace traditional organisations, but rather worked alongside and through them so that they 'co-mingle, conflict and compete with the



new instruments of government to variable effect' (Rhodes, 2007). it is beyond doubt that this changed the governance landscape, making it more complex and raising questions about how such governance is scrutinised.

In the policy making literature, the concept of Network Governance was pioneered in Britain by leading political scientists David Marsh and Rod Rhodes (Marsh & Rhodes, 1992). Rhodes in particular pioneered what was later known as the Governance Narrative (Newman, 2001) or the Anglo-Governance School (Marinetto, 2003) by developing the concept of policy communities (involved in policy formulation/implementation) advanced a generation earlier (Heclo & Wildavsky, 1974, Richardson & Jordan, 1979) to make the case that these policy communities (consisting of principal opinion formers in particular policy arenas) linked together to form intricate and often powerful networks to develop and implement public policy (Rhodes, 2007). In this way Rhodes argued that the traditional description of Britain as a unitary state<sup>68</sup> had been replaced by a Differentiated Polity in which there were many hundreds of governing units in operation creating long chains of policy implementation making steering<sup>69</sup> networks a particular challenge (Rhodes, 1988).

Policy Networks were defined as 'sets of formal and informal institutional linkages between governmental and other actors structured around shared interests in public policy making and implementation. These institutions are interdependent. Policies emerge [and are also implemented] from the bargaining of network members' (Rhodes, 2007, Bevir & Rhodes, 2007). The term 'Governance' (Stoker, 1998) was taken to refer to 'governing with and through networks' (Rhodes, 2007) and to 'self organising inter-organisational networks with the following characteristics:- (1) Interdependence between organisations. Governance is broader than government covering non state actors (2) continuing interactions between network members caused by the need to exchange resources and negotiate shared purposes (3) game like interactions rooted in trust and regulated by rules of the game negotiated and agreed by network participants (4) networks have a significant degree of autonomy of the state'<sup>70</sup> (Rhodes, 2000).

Networks operate on the basis of Exchange Theory advanced by James Thompson (Thompson, 1967). Rhodes quotes Thompson stating that 'an organisation has



power relative to an element of its task environment, to the extent that the organisation has the capacity to satisfy needs of that element and to the extent that the organisation monopolises that capacity'.<sup>71</sup> It was on this basis that Rhodes advanced the Power/Dependence thesis whereby power was derived because other members of the network were reliant upon them to deliver certain outcomes (Rhodes, 1981).<sup>72</sup> For instance a central government department or a local authority does not have the capacity to provide its own services and is reliant upon a private sector contractor to deliver them. The contractor is however reliant upon these bodies for a range of reasons ranging from financial security/survival to requiring a particular policy/legal regime favourable to its long term market interests. This interdependence between public/private and third party interests was stressed by Rhodes (Rhodes, 1997, 2007) in a public policy context and by Mahoney in the context of management/organisation theory (Mahoney, 2009). This interdependence often worked to enhance trust,<sup>73</sup> which is the key principle of organising within networks (in contrast to the price mechanism for markets or authority/commands for bureaucracy) (Rhodes, 2007) although this is not without its problems - as too much trust can be just as bad as too little (Jeffares, 2010) and it is clear that establishing the right amount of trust is considered of prime importance in running a successful network. What is also interesting is that the logic of marketisation (advocated by the New Right - see Chapter 2) which drew on the price mechanism for its cardinal organising principle can over the longer term result in contractors seeking to build solid relationships based on trust rather than relying upon price competition to further their interests (Newman, 2001) - making contracts look more like networks/partnerships (Rhodes, 2007) further solidifying the links between outsourcing and networks in sustaining an increasingly complex system of governance.

Reference has been made to the difficulties of steering networks towards successful shaping/implementation of public policy. Coordination therefore remains a critical issue in a networked environment (Osborne & Gaebler, 1992). The importance of co-ordination raises the question of managing the boundaries between policy communities within the network and between different networks. The managing of these interfaces has given rise to the notion of the 'Boundary Spanner'<sup>74</sup> (Daft, 1989, Williams, 2002, 2010). Williams conducted empirical analysis on the skills required



by individual network managers and concluded that a successful boundary spanner emphasises the importance of building personal relationships, has the ability to manage in a non-hierarchical environment through negotiation, brokering solutions and having the ability to act as a 'policy entrepreneur' to connect problems and solutions and mobilise resources and efforts to secure successful outcomes.

Notwithstanding that networks have become 'the signature form of governance in the information age' McGuire & Agranoff (McGuire & Agranoff, 2011) reminded us of their limitations – particularly around generating 'policy energy' to implement policy. These problems were due in part to power asymmetry which could lead to blockages in implementation and attempts to protect jurisdictional turf. Reference was also made to the danger of 'collaborative inertia' (Huxham & Vangen, 2005) which can arise mainly through having a poorly defined purpose/set of goals, having a dominant member who controls finance or through suspicion that results from a failure to build sufficient trust. In addition there can be jurisdiction problems for some networks which are constrained by lack of legal powers or finance and this can sap 'policy energy' leading to poor performance over the longer term. In addition some networks operate in an advisory capacity only and cannot compel performance (McGuire & Agranoff, 2011).

### **4.4. Local Government Partnerships: Networks in Action**

The importance the of Community Leadership role (Sullivan et al., 2006) and the fact that it was the underlying philosophy of the Local Government Act 2000 meant reaching beyond local government to working with the business and third sectors to achieve policy goals, goes some way to explaining the rise of Network Governance in the local authority context. Reference has been made by Rhodes to the developments at central government level which embodied a shift from the centralised Westminster system to a 'differentiated polity' (Rhodes, 1988, Rhodes, Carmichael, Macmillan & Massey, 2003) in which power/influence was diffused amongst different bodies. It can also be argued that these developments operated at local level. It is beyond question that there has been a substantial growth of partnership working within Local Government (Prior, 1996) and furthermore, that this trend operates beyond the UK. Parijs conducted a study of the Belgian city of Ghent



and found that partnerships had multiplied nearly tenfold from 250 in 1990 to 2200 in 2013 (Parijs, 2013).

Partnership working can be seen in a wide range of policy arenas - all of which are important to achieving local government policy goals. Partnership working is needed to deliver key corporate objectives such as town twinning - which is considered of prime importance in attracting local economic investment, as well as for developing tourism and cultural links (Ball, 1992). The importance of working in partnership to secure foreign direct investment into areas should not be underestimated either (Shirlow, 1992). Submission of claims for EU funding increasingly operates on a national/regional basis, thereby requiring close collaboration with Whitehall and neighbouring authorities in the region (Zerbinati, 2012). In 2009 the 'Total Place' initiative of the Department for Communities and Local Government sought to identify all 'spending streams in the local area' which come from local and central government as well as other agencies (Dhar-Bhattacharjee, Baldwinson, Stewart & Thomas, 2010).<sup>75</sup> It was promoted with a view to identifying potential efficiencies and cutting duplication/waste, but as was noted by Hambleton & Howard, (Hambleton & Howard, 2013) it ran into difficulties when Whitehall departments were unable/unwilling to devolve control of decision making and funding in various policy areas.<sup>76</sup> Nevertheless, the exercise involved close collaboration with Whitehall as well as engagement with other local bodies and agencies. The coalition government then promoted the idea of 'Community Budgets' as part of the 'localism' agenda aimed at devolving control of local services (Lowndes & Pratchett, 2012). However even before these recent developments, one early study of a housing department showed that even when departmental budgets are devolved to managers, such is its corporate importance, that finance and the control of it is still seen as a centralising influence (Jacobs, 2001).<sup>77</sup> Since 2010 in particular, local authorities have had to deal with increasingly tight financial settlements from central government, often with revenue budget cuts in excess of 25% (Gibson & Asthana: 2012). These economic problems have forced further pressures for efficiency and caused a radical rethink about how to deliver local services, not least because salami slicing services will simply not achieve the scale of budget cuts that are now expected as a matter of routine. This meant in part a renewal of the earlier debates on efficiency (proposing market solutions) that were keenly championed by the New

Right but in the current context they appear to have lost their radical political character<sup>78</sup> and are presented as technical and managerial rather than ideological and political. They have a preference for partnerships and 'whatever works' as a mechanism to deliver services within tight budget constraints. Thus the outsourcing agenda (see Chapter 3) which started as compulsory, now sits alongside moves to share services between local authorities as part of a wider programme of joined up policy delivery.

There always was a long history of partnership working, for instance between the health sector and local government (Snape & Taylor, 2003) and between various bodies delivering education and training in local areas (McBride, 1993). Urban regeneration has long required a partnership approach, although there have been occasions when local government as a sector felt its voice was marginalised, especially when the field became dominated by quangos from Enterprise Zones to Urban Development Corporations, administering policy directives from Whitehall, seemingly devoid of local control leading to a determination of many local authorities to try to connect with the various bodies involved in urban regeneration (Lawless & Ramsden, 1990). Over the last decade or so the local government sector has become fond of using pilot studies to develop collaboration. This has often involved one or two local authorities developing expertise in particular service areas, or more likely 'cross cutting areas' such as 'Young People' or 'Healthy Communities'. Initiatives from Beacon Councils to Total Place have produced authorities that have sought to learn and develop expertise to share across the sector. For instance Barnet LBC has become a sector leader in outsourcing<sup>79</sup> and Herefordshire Council developed a particular expertise in collaborating with the health sector, whilst others have adopted shared approaches/services such as the collaboration of London boroughs to obtain cheaper municipal insurance, and the very recent establishment of a Joint Procurement Unit between three urban boroughs in Greater Manchester.<sup>80</sup>

The strong audit and sector competition approach favoured by the previous Labour Government and signified by the Comprehensive Performance Assessment<sup>81</sup> in which each authority had a rating in a national league table has to now been abolished, sacrificed on the altar of Localism giving way to the notion of city regions<sup>82</sup> (see section 4.7 below) which have greater devolved powers and specific funding



streams for transport, training and skills along with the development of 'Tax Incremental Funding'.<sup>83</sup> The policy of devolving powers to local authorities to retain a portion of Business Rates was presented as a step towards localism, but further steps in this direction, with the predictable requirement for equalisation mechanisms are likely to mean that the devil will be in the detail. Underlying these developments is the fact that local authorities in England & Wales are reliant upon Whitehall for around 80% of funding. There are historic reasons for this<sup>84</sup> but in a comparative context it is unusual<sup>85</sup> and as long as it persists it raises questions about how responsive to local concerns/agendas local authorities can actually be.<sup>86</sup>

If Community Leadership (Sullivan et al., 2006) is to mean anything it must be about place shaping. As has been noted (Hambleton & Howard, 2013), place based leadership is the antithesis to one of the adverse impacts of globalisation that Stiglitz noted - namely that decision makers can be 'placeless' and take decisions regardless of the consequences they may have for a particular place (Stiglitz, 2002, 2006). Of course local authorities still have to deal with social and economic forces which to some extent can have this effect, such as an over reliance upon foreign direct investment (Shirlow, 1992) but local representatives must live with their decisions which create legacies for local areas and usually do not have the luxury of walking away. The local government sector has long pressed the case that it is should be regarded as first amongst equals in local policy networks because it is the only body with broad democratic legitimacy backed by an electoral mandate.<sup>87</sup> Advocates of the Localism agenda have recently conceded that local leaders know their area better than anybody else (Lowndes & Pratchett, 2012). This may in part explain what has been seen as a positive experience from the election of City Mayors<sup>88</sup> in London, Liverpool and Bristol and links to the broader representation role that elected members may be considered to have.

As Hambleton & Howard correctly indicated local leadership can come from political, professional/management, business or third sectors and that perhaps there is something to be gained by each working a little more in each other's sector, with the hope of developing deeper understanding on problematic policy issues which do not neatly fall into a particular area - or if they do, they are not without consequences for other policy decisions (Hambleton & Howard, 2013). Hambleton & Howard quote the



Chief Executive of Swindon Borough Council who saw networks as a chance to do 'more with more' rather than 'more with less'.<sup>89</sup> He contended that they offer the opportunity to spend more as a collective even in times of budget restraint.<sup>90</sup> But if they are to work well, they not only require the promotion of what one Chief Executive referred to as 'ZOUZ' - zones of unwelcome debate, but also need to grapple with the question of how to deliver accountable governance in a 'polycentric' environment in which power/influence is widely diffused amongst different centres. The polycentric nature of central government exacerbated by management reforms arising from the New Public Management agenda (such as devolution of functions to autonomous executive agencies) is not consistent with traditional accountability doctrines as understood within the Westminster system, centred upon conventions of ministerial responsibility (Barberis, 1998) nor traditional local government models (Stewart & Walsh, 1992). Concern at the deficiency in accountability was often due to a combination of uncertain goals and increasing uncertainty about the best means to achieve them (DeLeon, 1998) although others saw the opportunity to design and extend new forms of governance to increase opportunities for participation rather than relying wholly upon traditional institutions of representative democracy (Mathur & Skelcher, 2007, Skelcher & Torfing, 2010, Skelcher, Sullivan & Jeffares 2013). It is worth surveying the local governance landscape, with specific reference to bodies and funding streams that are currently in operation with a view to gaining an appreciation of the scope and complexity of these arrangements that operate in addition to the Local Government structure set out at Annex 1 to this thesis.

### 4.5. Local Strategic Partnerships

Local Strategic Partnerships ('LSP's) are non statutory partnerships of public, private and voluntary sectors that were first established in 2000 as a condition of obtaining Neighbourhood Renewal Funding from the ODPM. They operate under names that reflect local circumstances<sup>91</sup> and now exist in most English local authority areas, although the precise structures differ. They were established to provide a degree of governance co-ordination across policy areas and exist to implement corporate objectives that are currently set out in the Council's Sustainable Community Strategy developed under section 4 of the Local Government Act 2000.<sup>92</sup> They typically consist of high level representatives from police, fire, health, community safety, local



authority and local businesses. They embody the network principle and serve to demonstrate the connected nature of the public policy agenda.

### **4.6. Health & Wellbeing Boards**

In many local authority areas the work of LSP's have been eclipsed by the establishment of statutory Health & Wellbeing Boards established under section 194 of the Health & Social Care Act 2012. The membership of these boards is flexible, although there are minimum requirements. The board (which includes clinical commissioning groups) effectively operates as a committee of the local authority to work towards integrating the design and execution of health and social care policy. Notably they are required to develop a profile of the area known as the Joint Strategic Needs Assessment which informs production of the Joint Health & Wellbeing Strategy. These documents are to form part of the basis for the commissioning health services by Clinical Commissioning Groups. These boards also have the power to engage in joint commissioning if it is required in the local area.

### **4.7. Local Enterprise Partnerships & City Regions**

The abolition of Regional Development Agencies in England in 2012<sup>93</sup> gave rise to the development of 39 Local Enterprise Partnerships ('LEP's). These are voluntary partnerships between local authorities and business charged with developing economic policy in the local area. The emphasis was on driving economic growth and there was a requirement to produce a Strategic Economic Plan to guide this development. The areas covered are typically transport, skills provision, business investment, housing, and infrastructure planning. They act to develop and implement policy and can apply to the Government for funding from streams for particular projects (for example through the City Deal and Local Growth Fund – see Section 4.8 below). The LEP tends to operate on an area which is wider than just one local authority, and indeed an authority can be a member of more than one LEP. These are typically structured around the City Region although sometimes it can be a wider area.



The notion of the City Region has gained currency in the UK in recent years. It can be taken as shorthand for a metropolitan area covering a city and its wider environs, which tend to function as a single entity in terms of economic geography.<sup>94</sup>

The concept of the City Region first entered the UK debate in 1969 when one commissioner<sup>95</sup> to the Redcliffe Maud report<sup>96</sup> issued a dissenting memorandum recommending that local government be structured along these lines. The importance of the concept has been underlined by the Centre for Cities<sup>97</sup> which has indicated that the 8 core cities<sup>98</sup> of England account for over 50% of total national Gross Value Added (GVA). (Centre for Cities, 2014A). The same research also highlighted how ill fitting traditional local authority boundaries have become noting that typically in any one local authority area 50% of workers commute from a neighbouring local authority (Centre for Cities, 2014A). This underlines the fact that it is important to take account of the wider area functioning as a single economic geography when considering strategic matters such as transport issues, whereas the importance of developing infrastructure to drive economic growth has also been well documented (O'Neill, 2014, One North, 2014, Midlands Connect, 2014). The LEP tends to operate either on a City Region basis or on a wider area<sup>99</sup> and the newly established Combined Authorities (see section 4.9) operate on a City Region basis also. This acknowledges the fact that cities are the key driver of regional economies<sup>100</sup> and that if the potential is harnessed it stands the best chance of being able to make a net contribution to the national economy.<sup>101</sup>

### 4.8. City Deals & Growth Deals

The local governance picture has been complicated further by the development of City Deals. These initially represented an asymmetric arrangement with the eight core English cities, whereby each city region negotiated a deal with Whitehall on the transfer of functional powers and funding streams on the basis that it would boost investment and drive economic growth. They were agreed on an individual basis<sup>102</sup> and it was intended that the first wave of deals would create 175,000 jobs over the next 20 years together with 37,000 new apprenticeships (ODPM, 2012). The deals were all different but the focus was on providing powers particularly around transport, infrastructure, new financial models allowing retention of income locally for



reinvestment, skills funding, business development and creation of investment funds. This was followed by Growth Deals to a number of LEP areas in which access to loan/grant funding for business activities was provided through the Regional Growth Fund operated by the Department of Business Innovation and Skills accessed through the LEP by competitive bidding (DBIS, 2013). The grants/loans administered usually had the local authority acting as Accountable Body to draw down the funds and ensure that grant conditions were met and accounting conditions complied with. The key point about these deals is that they represent tailor made ad hoc agreements between central and local government designed to drive economic growth.

### 4.9. Combined Authorities

The City Region concept and the recognition of the agglomeration (Harding, 2010) benefits that can arise from them by developing connectivity within and between city regions (both digitally and physically) (O'Neill, 2014, O'Neill, 2014a) paved the way for the introduction of Combined Authorities under the Local Democracy, Economic Development and Construction Act 2009 (Sandford, 2014). These were set up by Statutory Instrument and different models of governance applied depending on the circumstances. They provided a body corporate structure for local authorities in the city region to take strategic decisions to over transport policy/investment and to exercise powers concurrently with local authorities over economic development matters. They have tended to operate on a cabinet structure basis therefore providing some strategic coherence to the governance framework. The first authority was the Greater Manchester Combined Authority which was set up in 2011. (This order is copied as Annex 4A to this thesis). This was then followed by the West Yorkshire Combined Authority in 2014. (This order is copied as Annex 4B to this thesis). There are now five combined authorities in all.<sup>103</sup> It may be seen that the models of governance are slightly different, but the overall principles of providing a coherent governance structure to exercise strategic policy powers (to drive economic growth) remain the same.



#### 4.10. Political Drive to Decentralise

The contemporary political debate has the drive to decentralise at the heart of the agenda.<sup>104</sup> This would appear to be largely for three reasons. (1) The UK is one of the most centralised states in the OECD. (2) The failure of the referendum to lead to Independence in Scotland, has led to promises about de-centralisation in England. (3) The renewed focus on economic growth in the aftermath of the 2008/9 financial crisis has led to a reassessment of the contribution that local areas and in particular cities can play in that process of boosting national economic growth, with the realisation that all core city regions apart from Bristol punch below their weight, in the sense that they spend more in public expenditure than they raise in income, captured through various tax regimes. The thought was that if governance was altered so then perhaps these proud cities may become net contributors to the economy rather than the opposite.<sup>105</sup>

In 2007 HM Treasury had published a study of sub-regional economic governance. This has supported the idea of city regions (HMT, 2007). In 2012 Lord Heseltine published his report 'No Stone Unturned In the Pursuit of Growth' (Heseltine, 2012). The message was clear that local economies needed to be driven by strong public and private sector leadership in a way that was supported and not hindered by Whitehall. This meant increased collaboration between agencies and the development incentives to secure economic growth. It meant an overhaul of the business support infrastructure, enhanced role for LEPS in determining what skills were needed for local economies in consultation with FE colleges, the avocation of a single funding pot for housing, transport, skills and business support to replace multiple funding streams and longer term financial settlements for local government to allow better economic planning. The report received wide cross party endorsement.

In 2014 The Chancellor of Exchequer George Osborne made a series of speeches in Manchester (Osborne, 2014A, 2014B) outlining a commitment to creating a 'Northern Powerhouse'. The emphasis was upon developing transport infrastructure, exploiting science and technology, building upon economic and cultural assets such as the Liverpool waterfront and the port facilities at Hull and the devolution of functional



(and possibly) fiscal powers to municipalities. The House of Commons Communities and Local Government Select Committee was supportive of calls for fiscal devolution (House of Commons, 2014) although the requirement for equalisation/review mechanisms mean any such project is likely to bear fruit only over the medium to long term. The motivation for governance reform lies in the acknowledgement that the northern regions had a rate of economic growth of just 3.9% of GDP over the last 18 years compared to a national rate of 4.4%. There was a recognition that if this gap could be closed it could deliver significant benefit to the national economy estimated to be worth £44bn in real terms by 2030.

The Office of the Deputy PM launched 'Northern Futures' in the summer of 2014, as an open policy making approach to consider how to build on the strength of the North of England to build an strong economic core capable of competing with the large cities/regions across the world (Northern Futures, 2014). The Northern Futures Summit <sup>106</sup>looked at how to boost northern economic growth in five ways (1) By developing a world class transport system with investment in motorway capacity, airport/port links, light and heavy rail. (2) To improve business competitiveness by leveraging specific investments particularly in digital technology and science sectors. (3) To utilise technology to design cities in a smarter way - particularly by developing high speed broad band and making use of smart sensor and low carbon technology. (4) Improving graduate retention and boosting skills of the local workforce by a series of proposals from collection holidays on graduate debt to devolving local control over skills budgets from DWP/BIS and (5) Greater devolution of functional and fiscal responsibilities to local areas including transport, digital infrastructure, skills, business investment, housing/planning, health and social care.

The Labour Party has committed to devolving substantial powers to city regions (Adonis, 2014) and has mentioned the need to change the presumption that Whitehall knows best and shift from a 'centre default' to a 'devo default' where powers/funding can be allocated on a local level unless there is a good reason why the contrary is needed (Umunna, 2014).

It is clear from this review, that there is an emerging political consensus that a decentralisation of powers/funding is needed to create a strong platform to boost



economic growth in the national interest, although there is the longer term question as to whether the Whitehall power structure will be willing to take the steps necessary to make devolution of powers/funding streams a reality.<sup>107</sup>

### **4.11. RSA City Growth Commission Report: Connected Cities**

The Connected Cities Report (O'Neill, 2014A) identified three drivers of connectivity - transport, housing and broadband. On transport, it was noted that poor infrastructure increased significantly journey times on routes which were of comparable distance. For instance Reading to London Paddington takes 25 minutes by rail but Manchester to Leeds which is the same distance takes twice that time. Manchester to Sheffield a distance of less than 40 miles takes 1 hour 20 minutes by road whereas Southampton to Oxford by road can be achieved in the same time, despite being double the distance. On housing, it was noted that nationally over the next 20 years the UK needs to build 250,000 houses to keep pace with demand but that in 2012/2013 it built less than half that. On broadband, it was noted that it is often not profitable for the private sector to provide fibre optic connections right to the box, resulting in the need for the state to intervene which creates difficulties around EU state aid rules.

### **4.12. RSA City Growth Commission Report: Metro Growth**

In October 2013 the RSA City Growth Commission was established with a view to consider how major cities in the UK could contribute to the delivery of economic growth. The Commission, chaired by renowned economist Jim O'Neill published its final report twelve months later (O'Neill, 2014). The report concentrated on 15 'metro' areas<sup>108</sup> as they were considered the most likely to be able to contribute to economic growth. The commission made a series of recommendations around four areas (1) A significant shift of power over formulation/delivery of public policy to metro government. This is to include funding mechanisms and is to enable formulation of strategic funding/policy decisions on the basis of collaboration across the city region underpinned by a place based strategy/funding regime. (2) Measures to deliver fiscal devolution to metro areas. In particular freedom to borrow outside the PWLB regime, taking ring fence conditions away from central government grants, thereby facilitating pooling of budgets, allowing metro areas to retain control of revenue streams,



promoting longer term financial settlements, along with further use of payment by results mechanisms such as TIF/Earnback schemes.<sup>109</sup> (3) Allowing political/executive metro leaders a formal place in Whitehall on discussions around strategic infrastructure. This would be a significant reform within a highly centralised power structure. (4) A series of recommendations for supply side measures from a revamp of investment schemes costing methodology to ensure cost/benefit analysis took account of wider issues, to measures to improve digital connectivity with access to high speed broadband to measures to revamp transport infrastructure to boost rail capacity, promote intermodal travel and develop connectivity in line with One North and Midlands Connect to improve connections within and between metro areas. Measures around skills were also proposed to address skill shortages, skill gaps and the question of over skilling<sup>110</sup> underpinned by a strategic economic plan set out by the LEPS to administer devolved adult skills budgets first, to be followed by budgets for the 14-19 age group, to enable economic planning to reflect local circumstances.

### **4.13. Greater Manchester Devolution Deal**

It is worth making reference to the position in Greater Manchester, in spite of the fact it is not a specific case study authority in this thesis, because it shows the direction that governance is likely to take in the future, as it is considered to be the most advanced city region in the UK.

There is a history of solid co-operation between the 10 Greater Manchester boroughs (Emmerich & Frankal, 2009), which since the creation of the Association of Greater Manchester Authorities in 1986 have worked together on framing and executing policy responses on strategic matters (AGMA, 2012). This has been supported by a dedicated economic/policy think tank 'New Economy' which has operated in the region since 2005. This was instrumental in providing policy support to the first Combined Authority when it was established in 2011 (see section 4.9).

In November 2014 it was announced (HMT & GMCA, 2014) that new powers would be given to the Combined Authority - notably devolved business support budgets, control of the Apprenticeship grant paid to employers, power to restructure FE provision across the metro area, control of an expanded 'Working Well' pilot aimed at helping people with health problems, joint commissioning (with DWP) of the Work



Programme designed to deal with unemployment and the invitation to develop a programme to integrate health and social care provision.<sup>111</sup>

In addition it has been agreed that a directly elected metro mayor for the whole conurbation will be elected post 2017. It is considered that the mayor will provide a strong focus point for civic leadership (Kjaer, 2013, Teles, 2014). The mayor will chair the Combined Authority. In the sphere of transport the mayor will have direct responsibility for a devolved and consolidated transport budget, the option to develop franchised bus services, develop a plan to control local rail stations and an obligation to develop inter-modal ticketing. In housing, the mayor will control a £300m housing investment fund designed to deliver over 15,000 homes in a 10 year period. In Policing, the Mayor will take responsibilities from the Police and Crime Commissioner. In spatial planning the Mayor will design and co-ordinate spatial planning subject to approval from the 10 boroughs. Finally the Mayor will be given control of the Earnback Deal designed to deliver a local tax receipt from infrastructure developments to fund future investment.

This deal is important not only for Greater Manchester as it works towards controlling all expenditure in the area (Blond, & Morrin, 2014, Bernstein, 2014B) but because it represents the potential for a power shift from the highly centralised Westminster system (Engel, 2014) and because it points to the likely shape of future deals. It also underlines how complex (Christensen & Lagreid, 2010, Lindblom, 1959, 1979, La Porte, 1975) modern governance arrangements are becoming, being shaped by periodic 'layered' administrative reform and incremental policy making.

### **4.14. Sheffield City Devolution Deal**

It is worth making reference to the Sheffield City Devolution Deal reached in December 2014 (ODPM, 2014) in spite of the fact that the two case study authorities are outside the South Yorkshire area, because it builds on the earlier City Deal and Growth Deal and in some ways is similar to the Greater Manchester Devolution Deal. It shows the current direction of travel on governance issues. Unlike the Greater Manchester situation there is no prescribed requirement for a Mayor. This deal operates wholly through the Combined Authority. This agreement devolves powers to the Combined Authority over transport (facilitating the introduction of an integrated



oyster card style ticketing system, securing development of the Sheffield/Rotherham tram/train system (crucial for economic development), taking further decisions on HS2 including the proposed station at Meadowhall, dealing with road bottlenecks on the M1 and greater collaboration between the Highways Agency, Network Rail and the Combined Authority on future projects). It devolves powers over skills, allowing the Combined Authority and the LEP to control half the adult skills budget, allows civic and business leaders to prioritise maths and science skills so as to create a pool of skilled labour for local engineering jobs, boosts apprenticeships in the area and commences discussions over joint commissioning of the Work Programme with DWP from 2017 thereby offering the prospect of tackling long term unemployment). The deal improves Business Support by having local and national advisers working together to boost exports and devolves budgets to the Combined Authority. In terms of regeneration, there will be joint action between local government and central government to regenerate derelict sites and exploit potential of state owned land assets and removal of blockages on funding greater public sector house building.

### **4.15. Overarching Narrative: Contribution of Chapter 4**

Chapter 4 has chronicled the interlinked nature of the modern public policy agenda, with specific reference to supply side economic issues such as transport, skills, broadband and housing provision. It has been noted these supply side issues are of crucial importance in driving economic growth and that the cross cutting nature of them dictate that successful formulation and implementation of policy tends to require systems/network leadership and a willingness to embrace partnership working. This has resulted in a changing governance landscape with new institutional forms such as Combined Authorities, Local Economic Partnerships and Health and Wellbeing Boards, arising over the last few years in an attempt to create an element of strategic governance that has been absent in metropolitan areas outside London since 1986. These have been complemented by a series of City Deals and Growth Deals which have been concluded with local authorities and Local Economic Partnerships between 2012 and 2015 and the (functional) Devolution Deals such as those in Greater Manchester and Sheffield which have wider scope and raise questions about fiscal devolution in the future.



## **4.16. Summary & Conclusion**

This chapter has considered how partnership working has assumed central importance in modern governance. This is in part due to the hollowing out of the state and the need to regain capacity, but also from the increasingly complicated public policy agenda that is characterised by cross cutting problems, fragmented governance and declining resources. The principles of network governance underpin these partnerships, particularly the notion that they work on the basis of trust. But the complexity that arises brings challenges such as how to lead (the role of the Boundary Spanner and the value of Servant Leadership) and how to manage (steering networks and ensuring co-ordination) in a complex environment. This complexity is manifested by a plethora of recent ad hoc governance/funding arrangements such as City Deals, Growth Deals and LEPS together with some new institutional models such as Combined Authorities and the new powers awarded to Greater Manchester which operate alongside traditional local authority governance structures (as set out in Annex 1) but as such serve to underline the complexity of modern governance whilst at the same time raising questions of how such arrangements can be properly scrutinised and made accountable. It is to that issue that we now turn in Chapter 5.



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## **Chapter 5 – Accountability: Democratic Anchorage & Scrutiny**

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## 5.1. Introduction: Accountability & Public Service

Having surveyed the nature of governance, this chapter therefore considers the other side of the scale – that of accountability - by considering what accountability may mean and how constitutional and organisational structures may operate within local government to actually deliver it.

The primary purpose of this chapter is to consider the nature of accountability with reference to the importance that the concept assumes within Public Service. A distinction is made between internal and external accountability, before an examination of key theoretical perspectives – notably Public Accountability (Romzeck & Dubnick, 1987) and the three fold typology identified by Scott - Public, Market and Lateral (Scott, 2006). Importance of lateral and hybrid forms of accountability are acknowledged (Mashaw, 2006) before surveying the concept of Democratic Anchorage (Sorensen & Torfing, 2005) with particular reference to the requirement to involve elected members in the process. This leads to a consideration of the statutory scrutiny function in operation under section 21 Local Government Act 2000. The political scientist Hermon Finer perhaps put accountability at its simplest when he maintained it was an external mechanism for holding public office holders to account (Finer, 1941). This indicates the importance of external scrutiny and also testifies to the special nature of both elected and unelected public office, together with the special responsibilities of those that occupy such positions. Similarly others have stressed the importance of holding executive authority to account (Jones, 1992). The distinctive nature of public office was perhaps captured best by Finn who in the context of the Australian system, stressed the primary importance of trust (Finn, 1993) flowing from the idea that public servants are acting as agents for the people, in delivering public services.<sup>112</sup> Mulgan made reference to this relationship as being a principal/agent one <sup>113</sup> (Mulgan, 2003) and the principal should expect to 'impose [a] remedy or sanction on the agent against [any] wrong doings identified by the accountable institution' (Rehman & Batool, 2013).<sup>114</sup> The special nature of public office leads to a distinctive legal relationship which imposes both civil and criminal liability for wrongdoings, through the common law tort and crime of 'misfeasance in public office', in addition to obligations imposed on both elected members and employees through codes of conduct (which typically contain requirements to



maintain high ethical standards as well as obey the law) that are adopted by all local authorities as part of the ethics regime. For much of the C20th these obligations were backed up by statutory sanctions such as (the now abolished) disqualification from public office/surcharge for elected councillors<sup>115</sup>. Certain top public officials – notably the Chief Executive (or the Town Clerk) and Treasurer have specific statutory responsibilities<sup>116</sup> but they also stand in a fiduciary relationship (at common law) to the people of the borough for which they are in charge (Bailey & Crawford, 2004). This analysis would suggest that Finn was correct to not only to emphasise the importance of the trust that is placed in public servants, but also to place that trust at the heart of the accountability process.

### 5.1.1. Internal and External Accountability

Mulgan made the distinction between internal and external accountability (Mulgan, 2000, 2003). Internal accountability covers unelected public officials through such processes as disciplinary procedures, audit (Power, 1994) and internal inspection. External accountability covers both elected members and public officials and Mulgan identified four features of such a process:- (1) that an external person or body (including the electorate as a whole) can require an account to be given (2) that accountability involves a process of social interaction (3) the person or body is entitled to demand answers and (4) the elected members/public officials accept the legitimacy of sanctions being imposed for transgression (Mulgan, 2003). In what has become one of the most seminal publications in the field of Public Administration, Mulgan noted the extension of accountability to cover internal as well as external processes, incorporating democratic dialogue and accounting mechanisms, as well as employing a distinction between political and managerial accountability (Mulgan, 2000). He did however wonder, whether expanding the concept too much to cover internal forms, had somehow undermined its core essence, which he maintained lay in an external body requiring an account and having the right to demand answers. Notwithstanding the reservations of Mulgan, and the primary importance of an external body being able to demand answers, it perhaps does not seem sufficient to define accountability as an exclusively external process, not least because internal accountability is a very real feature of the daily life of public officials (Fenwick & Elcock, 2004). That said, considering external accountability is useful for the



purposes of analysis and Rehman & Batool identified three particular domains in which external accountability can be considered to operate - namely electoral, legislative and judicial/administrative (Rehman & Batool, 2013).

### **5.1.2. Electoral Accountability**

Electoral accountability by definition applies only to elected members and lays stress on the primacy of elective politics and the acquisition of a democratic mandate to implement party policy following electoral competition. This model considers public officials as functionaries and so accords with the Westminster system and variants of it in local government. Advantages arise from the facts that it affords electoral choice, allows wide political participation through elections and provides a measure of conferring legitimacy on public policy. The disadvantages stem from the limited range of choice that may be put before the electorate (Rose, 1980), difficulty with electoral mechanisms meaning that votes do not have equal value (Arrow, 1951) and the long time-span between elections which generally means that popular sovereignty is seriously limited (Rousseau, 1762) and that elections are a blunt (if broadly effective) instrument with which to direct and control public policy.

### **5.1.3. Legislative Accountability**

Legislative accountability is taken as ensuring that the legislative assembly (or the full council)<sup>117</sup> holds the executive to account through a number of mechanisms ranging from ministerial/portfolio responsibility, the use of select/scrutiny committees to question decision makers and the ability to raise local (constituency/ward) concerns. Legislative accountability applies primarily to holding elected members (cabinet/portfolio holders) to account, but it can also include officials, through requiring them to submit to questions, for instance from the local authority overview and scrutiny committee (Snape, Leach and Copus , 2002).

### **5.1.4. Judicial & Administrative Accountability**

Judicial accountability in contrast applies mainly to public officials but can also apply to elected members, and acts to regulate the procedure by which they exercise their functions. This operates through the High Court and public law mechanisms which afford the opportunity to subject administrative decisions to judicial review. This has



been a growth area in the last few years and applies to almost all decisions taken in a local authority context from town planning and housing allocation to the award of contracts and delivery of social services (Grey & Catsambis, 2013), although the rules around using this mechanism have recently been tightened (Halsey, 2013) and high legal costs act as a disincentive to bring proceedings. This accountability based on the principles of administrative law (Wade & Forsyth, 2009) is supplemented by a host of tribunals and administrative bodies,<sup>118</sup> as well as the Local Government Ombudsman which provides an avenue for citizen to obtain redress for grievances. Judicial accountability acts primarily to constrain the exercise of discretion by public officials in the exercise of their public functions. The general scheme is that decisions should be rational and capable of justification taking into account only relevant matters<sup>119</sup> although this has recently been expanded to provide legal grounds of challenge arising from lack of consultation<sup>120</sup> (Sheldon, 2012) or failure to meet a 'legitimate expectation' (Kolinsky, 2012). The body and scope of Administrative Law has grown substantially in the post war period<sup>121</sup> but access to mechanisms to utilise it vary. In a local government context, the Ombudsman probably provides the most accessible method to seek redress.

### **5.1.5. Other Forms of Accountability**

Other forms of accountability such as compliance with inspections and Grant Funding conditions are dealt with in Annex 5 to this thesis ('Accountability' - 'Other Forms of Accountability').

## **5.2. Theoretical Perspectives on Accountability**

Colin Scott considered the question of accountability as part of his examination of the 'Regulatory State' and identified three main types of accountability - Public, Market and Lateral. (Scott, 2006). Each form of accountability derives legitimacy from a different source - public accountability from the political/public sphere, market accountability from the need to account to market actors to maintain profits/market share and lateral accountability which is essentially accountability to fellow professionals, colleagues and peers, works on a horizontal level and is crucial to the success of network governance.



### 5.2.1. Public Accountability

The seminal contribution on Public Accountability was the article by Romzeck & Dubnick (Romzeck & Dubnick, 1987) analysing failures in governance linked to the US Challenger Space Shuttle disaster. They identified four dimensions of public accountability - namely political, legal, bureaucratic and professional (See Annex 5 'Accountability' to this thesis - 'Romzeck & Dubnick Four Categories of Accountability'). The actual mix of these factors depends upon the particular situation. Public accountability works best for stable pyramid organisations with vertical accountability, strong role definition and clear command and control.

### 5.2.2. Market Accountability

Mulgan noted that the profit motive dominates market accountability (Mulgan, 2000). Price is the key mechanism and accountability works on the basis of exit - namely that a customer can go elsewhere if not satisfied, rather than forcing an account to be given by legal/bureaucratic means.<sup>122</sup> Scott made the distinction between accountability to shareholders, in relation to which the company directors stand in a fiduciary relationship<sup>123</sup> and accountability to customers, which operates on the basis of competitiveness, choice and exit (Scott, 2006). The differences between public and market accountability have been much debated (Haque, 2000) suffice to say that both are likely to have some role to play in an increasingly complex networked environment.

### 5.2.3. Lateral Accountability

Thompson & Tuden (Thompson & Tuden, 1959) identified four scenarios for decision taking dependent upon whether the policy goals were clear and the means of achieving them were certain. Deleon (Deleon, 1998) noted that increasingly policy goals were uncertain and the means of achieving them were not agreed. This leads to a shift away from bureaucratic accountability towards a more complex 'anarchic accountability' with multiple channels (political, bureaucratic, professional) at work in any one situation.

Given the complexity of governance arising in part from the complex public policy agenda and the consequent need to build social capital (Putnam, 2002) to address



policy issues, lateral accountability (see Annex 5 'Accountability' - 'Lateral and Hybrid Accountability' to this thesis) operating at a horizontal level between professionals becomes important (Mashaw, 2006). It is only by combining lateral with traditional models of accountability into hybrid model encompassing both (Mathur & Skelcher, 2007, Haque, 2000) that the complexity of modern governance be accommodated and can the shift away from traditional 'overhead' democracy (Redford, 1969) be properly understood. This gives rise to the question of 'Democratic Anchorage' and its application in a local government context.

### 5.3. Democratic Anchorage

Sorenson & Torfing (Sorensen & Torfing, 2005) coined the term 'Democratic Anchorage'<sup>124</sup> to signify the extent to which complex networks could be linked to and work through the traditional institutions of representative democracy. Specifically 'Governance networks are democratically anchored to the extent that they are properly linked to different political constituencies and to a relevant set of democratic norms that are part of the democratic ethos of society' (Sorensen & Torfing, 2005).<sup>125</sup> In particular four aspects of democratic anchorage were identified:-

(1) Control of Network Governance by elected politicians, (2) That membership of networks properly reflects and represents participating groups, (3) that accountability is to the wider 'demos' as 'a territorially defined citizenry' and (4) there are internal democratic rules embedded in a 'grammar of conduct'. (See Annex 5 to the thesis, 'Accountability' 'Sorensen & Torfing – Democratic Anchorage – Four Reference Points'). Sorenson & Torfing reminded us that democratic anchorage is not all or nothing, the extent of anchorage is likely to be contingent upon particular factors operating in each case, just as there is nothing per se that is democratic or undemocratic about the notion of network governance – it all depends on who is involved in the network, what remit it is to have and how it is controlled. The concept of Democratic Anchorage and in particular the first principle (linkage to elected members) provides a useful yardstick for considering the question of accountability in local governance.

Soensen & Torfing contended that networks had the potential to further democracy, as well as obstruct it (Sorensen & Torfing, 2005). The potential to democratise



network arrangements was emphasised by Chris Skelcher (Mathur & Skelcher, 2007, Skelcher & Torfing, 2010, Skelcher, Sullivan & Jeffares, 2013) and Bob Jessop (Jessop, 2002) who considered network design and questions of wider participation. In this perspective, the possibility of increasing popular political participation becomes every bit as important as improving the capacity of elected representatives through meta-governance.<sup>126</sup> The creation of new 'sub-central' elites (thereby devolving power) was canvassed by some (Esmark, 2003) whilst others have considered networks as a functional addition to institutions of elective politics (Rhodes, 1988, Kooiman, 1993) rather than something that should detract from them. These writers have tended to adopt a pluralist position that considers power to be widely dispersed throughout society (Dahl, 1961).<sup>127</sup> There remains the broader question of how to engage citizens with the political process (Future Cities, 2014) and if public services can be delivered to in a more holistic way with silo working broken down (Myres, 2014, Ritchie, 2014) it may encourage popular participation in the co-design of public services in the medium to long term (Blond, 2014).<sup>128</sup>

At the heart of Democratic Anchorage is the extent to which elected members are able and willing to control and check decisions that are taken. This requires consideration of the role performed by elected members particularly in light of the executive/scrutiny split introduced by the Local Government Act 2000<sup>129</sup>. In so far as networks are involved, questions arise as to membership of those networks and whether they represent all broad based interests that are relevant to a particular policy arena. Further questions arise as to whether there is a culture of rigorous scrutiny in place which raises queries about the operation of Overview & Scrutiny Committees. There is then the additional issue as to whether business transacted through partnership working reflects a broad commitment to a democratic ethos and a wish to reach a 'rough consensus' amongst participants.

### **5.3.1. The Role of Elected Members**

There is a legitimate question about what elected members actually need, to enable them to become effective 'meta-governors' (Sorensen, 2006) and be able to engage fully in the scrutiny process. This raises issues about the prevailing culture, access to information, the powers that they can exercise and the procedures they use to do so (Centre For Public Scrutiny, 2014). Are they able to call the correct people to



account and ask probing questions so as to act as a strong check and balance on the exercise of executive power? (Lowndes & Leach, 2004) or do they take too much on trust? (Centre For Public Scrutiny, 2014A). One study of partnership arrangements in South Hampshire which was underpinned by a joint committee structure of elected members, raised the issue about whether the focus on electoral mandates was of itself damaging, in that it prevented wider engagement within and outside the sector (Buser, 2013). However there is a fundamental issue about ensuring there is a line of accountability in place which links to elected politicians as the recent debate in respect of the creation and operation of combined authorities (see Section 4.9 of this thesis) has shown (Bernstein, 2014) . It does however raise the issue of whether the involvement of elected politicians alone is sufficient and raises issues to how engagement of the public may be obtained (Skelcher et.al, 2013). Some local authorities such as Birmingham City Council have sought to devolve functions to neighbourhood level in an attempt to deal with this (Coulson & Sullivan, 2000). Others have suggested it requires a rethink of public service delivery in an integrated holistic way from the bottom up with a view to delivering public services in a more bespoke way (Blond, 2014). Blond made reference to the 'general bespoke' as being a guiding principle in designing modern public services in consultation with recipients.<sup>130</sup>

### 5.3.2. The Scrutiny Function

Section 21 Local Government Act 2000 obliged local authorities operating executive arrangements<sup>131</sup> to appoint an Overview and Scrutiny Committee (see Annex 1 to this thesis). These were intended to draw on the Westminster model that operates in the House of Commons, particularly the idea around generating an all party consensus and adopting an evidence based almost quasi-judicial approach to issues devoid of party politics (Copus, 2004). The same research found that there was a stronger culture of tough questioning in Westminster committees than locally, which possibly was not helped by the fact that the Overview and Scrutiny committees are performing the policy/overview function as well as scrutiny, and are therefore part of the council's corporate governance structure. The related finding was that the Scrutiny members and officers owe duties to the Council as a whole and not an 'independent' scrutiny function (Copus, 2004). This can cause difficulties if for



instance the Cabinet (or indeed senior officers) seek to determine the agenda (for debate (Cole, 2001). The committee must be politically balanced<sup>132</sup> and good practice requires it to be chaired by an opposition member (Centre For Public Scrutiny, 2014). The power of these committees was extended over police<sup>133</sup> and health bodies<sup>134</sup> and there are several joint arrangements in place. Research has suggested that following the introduction of the executive/scrutiny split introduced in the 2000 Act, scrutiny is seen very much as an inferior option for a member, when compared to that of exercising power as an executive/portfolio member leading to variable performance of the scrutiny function across the country (Ashworth & Snape, 2004). It has also been pointed out that in some ways the introduction of the scrutiny function in the 2000 Act was an afterthought as the main focus was on executive decision making and elected members tended to view scrutiny appointments as a compensation for losing executive office (Cole & Mcallister, 2015). Further research has indicated that the strength of the scrutiny function is highly dependent upon resources (Cade, 2012, Centre for Public Scrutiny, 2014). Recent high profile examples from serious health care failures at Mid Staffordshire NHS Foundation Trust (Francis, 2013), to the inability to tackle the issues of child sexual exploitation at Rotherham MBC (Jay, 2014, Carey, 2015) perhaps demonstrates that a failure of the scrutiny function can have serious and sometimes catastrophic consequences. The analysis of why these failures occurred pointed to the problem with elected members taking on trust information provided in officer reports without seeking to question it and without being able/willing to access alternative sources of information (Centre For Public Scrutiny, 2014A). The recently created Combined Authorities have operated a scrutiny function on the basis of a scrutiny pool drawn from members of constituent authorities (see Annex 4A 'Greater Manchester Combined Authority Order' and Annex 4B 'West Yorkshire Combined Authority Order' to this thesis). A strong scrutiny function must also have the necessary capacity to scrutinise and hold accountable those who deliver shared and outsourced public services.

### **5.3.3. Scrutiny & Outsourced Services**

There are a number of issues that arise in relation to the scrutiny of services which are outsourced under the legal/policy frameworks set out in Chapter 3 of this thesis.



First is the question as to whether the Overview & Scrutiny Committee has any input into the issue of what is outsourced – this is typically on the basis of previous ‘overview’ policy work. This question is important, as authorities such as Barnet LBC have been subject to criticism for outsourcing professional services at the expense of maintaining a strong corporate core (Lloyd-Jones, 2014) and for co-ordination of outsourced services and communication being disjointed and poor (Chakraborty, 2014). Behn has suggested that three lines of accountability apply to outsourced services, namely funding (the amount of resource expended on a contract), fairness (whether standards of procedural fairness are observed in service delivery) and performance (whether contractual requirements are met) (Behn, 2001). These questions relate to issues of contract management, which local authorities in the past have not been particularly good at. A prime example comes from the ‘South West One’ outsourcing of back office functions amongst local authorities in the south west of England, with a 3,000 page contract that was drafted in such a way that it was not properly understood and hence was difficult to enforce (Somerset County Council, 2014). There is an issue as to whether Overview and Scrutiny Committees are able to effectively police these outsourced contracts, which raises questions about procedural rules, culture, funding and training (Ashworth & Snape, 2004). The ‘overview’ policy work of scrutiny committees may also feed into wider questions such as the nature and the depth of markets which are dealing with outsourced services and whether they are sufficient to challenge and drive improvement (Miller, 2014).

### 5.3.4. Scrutiny & Shared Services

The question of securing accountability in the context of shared services is an important one. In addition to outsourcing, many authorities have adopted a partnership approach by delivering shared services with neighbouring authorities in order to exploit technical expertise and capitalise upon economies of scale. Legal powers to do this have long existed<sup>135</sup> but have been widened over the last twenty years<sup>136</sup> This practice has a long history in the USA and research has shown that saving costs is the main driver (Zeemering, 2012). In terms of ensuring accountability in such circumstances, the scrutiny function is again most likely to be important (Centre For Public Scrutiny, 2014), and the ability to develop strong joint



arrangements could become important, in addition to issues of culture, powers, resources and training

### **5.4. Overarching Narrative: Contribution of Chapter 5**

Chapter 5 chronicles the importance of the concept of accountability to public service and the vital role that the scrutiny function plays in relation to Local Government. The empirical stage shall explore the willingness and ability of elected members to perform this vital role.

### **5.5. Summary & Conclusion**

This chapter has introduced the distinction between internal and external accountability identified by Mulgan (Mulgan, 2000, 2003). Although external accountability in electoral, legislative and judicial/administrative forms are vital, other controls such as inspections and accountability conditions attached to funding streams cannot be ignored. Internal accountability through the bureaucratic model is also a reality for public servants. Theoretical perspectives on accountability were reviewed - namely public accountability, market accountability and lateral accountability. It was shown that lateral accountability assumes particular importance in relation to building social capital in a networked environment. The face of public accountability in the modern age rests on the notion of Democratic Anchorage, particularly the first aspect of it, which seeks to make public bodies and those delivering public services amenable to the control of elected members. This raises crucial issues such as whether elected members of scrutiny committees have the appetite to scrutinise executive decisions, whether they are keen to extend that reach to other areas and if they are so inclined, whether they are capable (in terms of ability, culture and resources) of being effective in this endeavour. This chapter also highlights the point that although much ink has been spilt over the decades concerning the concepts of accountability (Romzeck & Dubnick, 1987, Scott, 2006, Mashaw, 2006) and distinctions between different types, remarkably few observations on these issues arise from analysis of primary data collected from practitioners from within the local government sector. This thesis seeks to go some way towards remedying this deficiency by seeking to build distinctive narratives from elected members and council officials who are directly involved with operating the



scrutiny function on a day to day basis. Accordingly, it seeks to demonstrate the benefit of the preferred methodology employed within this thesis, namely that which is designed to use the case study approach to build detailed and contextual narratives from elected members and officers charged with delivering accountability through the statutory scrutiny process on a daily basis.

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## **The Relationship between the Literature Review and the Empirical Stage of the Research.**

Overall, the literature review highlights several issues which shall feature in the empirical stage of the research.

Chapter 3 reviewed three main theoretical perspectives around the outsourcing issue. Principal/Agent Theory (Donahue, 1989) where the key issue was the extent to which contract specifications can work in particular contracts. It may work better for the supply of goods than the provision of care services for instance. Transaction Cost Economics (Williamson, 1975) where the key issue was the extent to which the make/buy decision (to outsource or not) is driven by cost considerations and there is then the issue of what role service quality (Walsh, 1991) plays in the process. Public Choice theory (Niskanen, 1971, Tullock, 1965) where the key issue was the extent to which the public bureaucracy at local level can be exposed to competitive forces and whether such a challenge may be beneficial overall.

The empirical stage of the research shall consider the scale of outsourcing/shared services and the practical arrangements put in place to deliver services in areas such as adult social care, refuse collection and highway maintenance.

Chapter 4 reviewed the modern public policy agenda in areas such as transport, skills, broadband and housing. The empirical stage of the research shall seek to understand which of these elements are priorities for practitioners and explore the reasons why that may be the case.

Chapter 4 noted the shift from Government to Governance (Stoker, 1998, Rhodes, 2007) and the empirical stage of the study shall seek to better understand how partnership working actually operates in practice and consider the extent to which leadership at corporate level operates on a systems basis.

The Relationship between the Literature Review and the Empirical Stage of the Research.

The empirical stage of the research shall explore the attitudes of practitioners towards new governance structures such as the Combined Authorities (surveyed in Chapter 4) considering their purpose and the wider impact that they may have on the local government sector.

Chapter 5 considered the nature of accountability in relation to public service and the role of scrutiny in bringing this about. The empirical stage of the research shall seek to better understand the operation of the scrutiny function in practice and to establish if there a strong appetite amongst elected members to scrutinise decisions that are made.

The empirical stage of the research shall seek practitioner views on issues such as resources and training for scrutiny committee members, and this shall be used in making an assessment as to whether members are provided with an appropriate 'toolkit' to enable effective scrutiny to take place.

The empirical stage should also inform speculation as to whether a successful scrutiny operation is itself sufficient, or whether more will be needed in terms of promoting wider democratic engagement.



## Chapter 6 - Methodology

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## **6.1. Methodological Issues**

### **6.1.1. Introduction.**

The main purpose behind this chapter is to set out key philosophical considerations of methodology – in terms of research design, ontology and epistemology, before dealing with methods of data collection/analysis in Chapter 7 prior to undertaking the empirical stage of the thesis, which aims to illustrate just what governance looks like to local government practitioners, why it may be complex and how it may be scrutinised and held accountable.

This chapter commences with a consideration of issues around Research Design before going on to consider the fundamental questions of ontology and epistemology. The positions adopted by the researcher are anti-foundationalist and interpretivist. This chapter engages with debates about the nature of social science and in particular its' positivist heritage which it shall be argued has been seriously undermined in recent decades (see Annex 6 'Methodology').

### **6.1.2. Exploratory Research Design**

The research design is exploratory, because although much has been written on different related aspects (overload/social democratic crisis, outsourcing, partnerships/networks, accountability etc.) an exhaustive literature search has not revealed any other study which has such a range of practitioner based narratives from within the English local government sector on these issues, thereby reviving an old tradition in Public Administration, that seeks to link the worlds of thought (populated by academics) and practice (populated by practitioners) that goes back to William Robson.<sup>137</sup> This thesis seeks to devise an explanation of what governance looks like from a local government practitioner (elected member and official) point of view.

### **6.1.3. Primarily Inductive Approach**

This thesis adopts a primarily inductive approach by conducting a thematic analysis grounded in the data<sup>138</sup> with interpretive analysis of in depth personal interviews with elected members and officers in the English local government sector. The study has a deductive element to the limited extent that the interview prompts which formed the



basis for the initial<sup>139</sup> interview guide were developed from the Literature Review which highlighted a dearth of research in the area of governance and accountability in English local authorities, evidenced by a lack of practitioner based narratives on these matters.

### **6.1.4. Understanding/Explanation Debate**

This thesis is concerned with developing a deep and contextualised understanding of how governance is seen by practitioners (in a complex environment hallmarked by outsourcing and partnership working on the one hand and a complex policy agenda and declining resources on the other) and how it is scrutinised and held to account. It does not seek to establish the truth or falsification of a stated hypothesis by seeking to identify/explain any sort of causal relationship between variables. For this reason alone, it is argued that the positivist approach is inappropriate and in any case such an approach runs entirely counter to the ontological/epistemological position of the researcher which is detailed below. This thesis builds a narrative based thematic commentary (blending quotation and analytic observation) through interpretive analysis of interview transcripts.

## **6.2. Ontology**

### **6.2.1. The Nature of Social Reality**

Ontology is concerned with identifying and defining the fundamental nature of social reality (Hay, 2007). Because it is so fundamental, it can be argued that researchers may be expected on balance to either accept or reject a particular ontological position rather than expect to be able to prove or conclusively resolve the debate in favour of one position or another (Grix, 2002). As ontology is concerned with the very nature of social reality, the heart of ontological debate tends to focus on the question of the nature of social reality which can be said to exist and therefore can be learned about. To put it another way, the question is whether or not social reality actually exists in an objective form which is independent of the researcher's view of it. The answer to this question defines the scope of ontological debate around two fundamental positions which are outlined below:-



(1) Foundationalist Ontology (objectivism) which asserts (note not proves) that there is an objective social reality which may be learned about and which is independent of the view of a particular researcher. This typically leads to a positivist epistemology (usually with a preference for large scale studies using quantitative data collection/analysis techniques). The purpose is to test a stated hypothesis by examining the relationship between two variables usually determining cause and effect, with a view to explaining and perhaps predicting/controlling social behaviour.

(2) Anti-Foundationalist Ontology (also known as constructivism) which asserts (not proves) that there is no objective external social reality and that social reality is a socially constructed concept in the mind of the researcher. This typically leads to an interpretivist epistemology (usually with a preference for small scale studies using qualitative data collection/analysis techniques). The purpose is to provide a deep contextual understanding of social phenomena rather than seeking to establish causal relationships between variables. It is considered that the quest for such an understanding has an intrinsic value in and of itself.

### **6.2.2. The Importance of Ontology**

Grix has made the argument that ontology needs to be established prior to epistemology because the former establishes the boundaries that can be learned about. It would appear that such an approach is logical and it is one to which the researcher subscribes in this thesis (Grix, 2002).

Colin Hay (Hay, 2009) has stressed the importance of being explicit about ontology and he was surely right in this so as to ensure that the parameters of debate are clear and that academics do not argue 'past each other', due to conflicting ontological positions not being made clear. This relates to the point that ontology deals with fundamental issues around the nature of social reality that cannot be proved either way (Grix, 2002). It is also important because ontological positions can (quite validly) restrict the scope of explanations/understandings that researchers can produce. A classical positivist for example would be unlikely to accept an explanation based on patriarchy (operating through invisible structural factors because the ontological position of a classical positivist which privileges direct observation only) would not allow for it. Similarly it would not be appropriate to expect an interpretivist



to subject research claims to 'objective' notions of validity and reliability. Whilst these have relevance for the positivist, the interpretivist would doubt whether it was possible to be truly objective and would consider these claims to be socially constructed. This can lead to academic researchers arguing past one another and explains why Hay was correct to indicate that the ontological position of any research should be explicitly stated (Hay, 2009).

Grix (Grix, 2002) and Hay (Hay, 2007) both made reference to the directional logic between Ontology (what can be known) and Epistemology (how knowledge can be acquired). This also links with methods for data collection and analysis. This link to methods means that there are generally established paradigms in social science within which research can be conducted.

Marsh & Furlong helpfully observed that ontology was better considered to be a skin rather than a sweater (Marsh & Furlong, 2002). The implication of this observation is that ontological position comes from the researcher rather than a particular piece of research. As a consequence a scholar is likely to adopt a particular ontological position that will inform all studies - as it has been shown the issue is perhaps so fundamental as to be beyond debate. This may have an implication for the methods used, but as Grix points out there is no inevitability about using particular methods of data collection/analysis, although it is likely that a settled ontological position will lead to a preference for methods<sup>140</sup> in one direction or the other (Grix, 2002).

### **6.2.3. Anti-Foundationalism/Social Constructivism.**

The ontological position adopted by this researcher is anti-foundational, based on the view that social reality is a social construct (that is neither external nor objective) and that the key task of research and the job of the researcher is to be explicit about bias and pre-dispositions in a quest to acquire a deep understanding of social phenomena, which necessarily involves a focus upon contextual factors and interpretations placed on those. It is instructive in this to consider the contextual benefits arising from thick descriptions when looking at the views of actors, bearing in mind that their environments are dominated by webs of cultural significance that they themselves have spun (Geertz, 1973).



## **6.3. Epistemology**

### **6.3.1. What Constitutes Knowledge & How It Can Be Acquired.**

Epistemology concerns the key questions of what constitutes knowledge and how it may be acquired. The perspective adopted in this thesis is that of Interpretivism which regards all knowledge as being socially constructed and all claims to the truth/validity of such knowledge to be provisional rather than absolute, always being subject to further interpretation and refinement.

### **6.3.2. Interpretivism**

Interpretivism can be divided into two varieties - the hermeneutic tradition (which draws upon disciplines such as history, philosophy and law) and the post-modernist tradition. The major difference between the two is in how 'the subject' and the issue of reason are treated. The hermeneutic tradition allows for an autonomous subject and considers reason to be universal. In contrast, the post-modern variety stressed chaos/chance interactions, typified by the writings of Foucault - at the other extreme it tends to prescribe very little autonomy to people (the subject or the agent) and tends to deny that rationality/reason is universal preferring to rely on chance interactions.

### **6.3.3. Situated Agency & Decentred Theory of Government**

Bevir & Rhodes (Bevir, 1999, Bevir & Rhodes, 1999) proposed a middle way developing the concept of situated agency, thereby allowing some degree of autonomy to agency and for 'local reasoning' to play a role in decision taking even if the universality of reason was in doubt. It is considered that 'situated agency' is appropriate to this thesis because it builds upon the context (cultural, legal, social, economic, political) in which local government actors within the system operate but also provides space for individual decisions to be taken by particular actors noting that in some areas such as implementation they have wide discretion (Chandler, 1988). Interpretation has long been regarded as playing a central role in developing sociological explanation such as in the tradition of *verstehen* (Weber, 1978).



Bevir & Rhodes developed a Decentred Theory approach to understanding government (Bevir & Rhodes, 2003, 2007, 2010), which drew on anthropology and laid emphasis on understanding actions in context, considering traditions and dilemmas which shape action and an acknowledgement that practitioners are shaped by webs of significance that exist for them.

### **6.3.4. Benefits of Interpretivism**

It is argued here that Interpretivist approach delivers several benefits (see Annex 6 - 'Methodology' 'The Role of Interpretivism within Public Administration'). First it acknowledges that research on social phenomena is to some extent subjective. The best research endeavour can produce is a compelling narrative with a strong provisional claim to knowledge (Bevir, 1999). Rather than trying to subject social phenomena to scientific analysis (like the Classical Positivists tend to do) the important point is to recognise that humans are social beings, and therefore have at least a degree of 'agency' or free will which they may exercise one way or another. This means that they cannot be simply considered to be variables analysed in terms of cause and effect and hypothesised upon with a view to prediction - in the same way that may be possible for atoms in the sphere of natural science. This leads to the conclusion that natural science methods advocated by Positivists are inappropriate for the analysis of social phenomena. What works for analysis of atoms does not work for analysis of people (Crick, 1959, 1962).

Secondly, an interpretivist perspective allows the researcher to be explicit about the very low likelihood of conducting 'value free' research. This arises from the fact that the researcher approaches the task as a socialised being immersed in context and culture bringing with it degrees of biases and pre-dispositions. It is not possible to abandon these entirely although the interpretivist perspective would demand explicit acknowledgement of them so that they can be taken into account when considering the product of a piece of research.

Thirdly, the interpretivist perspective facilitates the development of deep understanding in context and develops and traces importance of broader and deeper cultural webs of significance (Geertz, 1973) rather than identification of causal relationships between variables which characterises positivist based research.



Finally, an interpretivist approach accepts that questions of governance, accountability and public policy are essentially sociological in nature rather than scientific issues. People are not atoms and cannot be subject to the same methods of analysis that work for natural science (Crick, 1959, 1962).

### 6.3.5. Criticisms of Interpretivism

Interpretivism has of course been the subject of much debate and criticism sometimes from those who do not share the perspective and other times from those who do but wish to consider the issues critically. I shall focus on three main criticisms here:-

The first argument advanced is that Interpretivism does not reflect social reality. This is typically argued with reference to the interpretivist's supposed neglect of institutions and structures. The argument centres upon the notion that institutions are an ever present constraint on social action, that such institutions constitute an external reality which the anti-foundational ontology adopted by interpretivists does not allow for. However it is likely that this argument is misplaced. Interpretivists do not ignore the role of institutions or structures, nor do they deny that they may act as a constraint on social action, or that they may guide social action in some way - rather the interpretivist would maintain that institutions or structures are themselves social constructs and must be seen as collections of people, bounded by history, culture, customs, conventions, norms and values which mean that institutions are ultimately a social phenomenon. This perspective is recognised in the work of the New Institutional perspective (Goodin & Klingemann, 1996).

The second argument advanced is that Interpretivism lacks critical power. The argument takes as the departure point that interpretivists study people in their own particular setting and look to the explanations that they themselves provide. The argument here is that the account yielded is taken at face value. Interpretivists after all, are keen to give a voice to the subjects that they study, thereby allowing subjects to interpret social reality as they see it - this is the hermeneutic role (Hay, 2011). However again the argument can be readily countered. There is nothing in the interpretivist canon that requires an account to be simply accepted at face value. On the contrary, the researcher will consider, analyse and reflect upon the account



provided and provide an interpretation of the account provided perhaps identifying and drawing on particular themes. This gives rise to the 'double hermeneutic' the fact that there are two interpretations or narratives at work - the one provided by the subject and the one provided by the researcher. The latter one provides the critical power (and to the extent that the former can be reflective that does too). The argument advanced that Interpretivism lacks critical power can therefore be readily countered.

The third argument is that Interpretivism delivers an 'unscientific' and therefore inferior account of social phenomena. This reflects a fundamental debate about the nature and particularly the limits of social science, compared to natural science disciplines. The Interpretivist perspective would reject this argument on the basis that social phenomena is ill suited to scientific analysis (Crick, 1959, 1962). Social science should not attempt to test theory by presenting a testable/falsifiable<sup>141</sup> hypothesis (as in natural science), rather than test theory, the best it can do is to generate a narrative (Bevir & Rhodes, 1999) that has a strong provisional claim to knowledge by being authentic, trustworthy (Lincoln & Guba, 1985) and comprehensive (see Chapter 7). This argument cannot be 'proved' one way or another because it relates to profound ontological differences between the positivist/interpretivist camps) but it can be met with a strong response from the Interpretivist perspective nevertheless.

### **6.3.6. The Relationship of Interpretivism to Other Paradigms**

Positivism was originally devised by Auguste Comte (Comte, 1856) who is generally regarded as the founding father of sociology. The ontology that it adopts is foundationalist. The central belief is that there is an objective social reality which actually exists and is independent of those viewing it. This is supplemented by the belief that everything may be subjected to direct observation. It was inspired by the advances in natural science and sought to apply scientific method to social phenomena. In particular it sought to develop theory to generate a hypothesis which could be empirically tested with (typically measurable and quantified) results which could be open to being verified and replicated by other researchers. It was later indicated that it was not possible to prove the truth of a particular hypothesis although it was argued that it should be possible to falsify it (Popper, 1959). It cannot



be doubted that this perspective has been the dominant one in anglo-american social science. Interpretivists have fundamental ontological differences with positivism, which can largely be asserted rather than proved - taking an anti-foundational stance in ontology and an epistemology that considers all knowledge as socially constructed, that sees theory as inappropriate for social science, the quest for truth to be impossible and for all knowledge claims to be based on narratives which are at best provisional until contrary information comes along. (Bevir, 1999). The positivist seeks to explain causal links between variables whilst the interpretivist looks to provide a deep understanding of social phenomena in a wider contextual cultural web (Geertz, 1973). Although the positivist approach has been dominant within anglo-american social science, it has been seriously challenged in recent decades (see Annex 6 of this thesis 'Methodology' 'Undermining the Positivist Heritage in Social Science').

Realism (which draws on the intellectual foundations of Classical Marxism and has modern day adherents such as Stuart McAnulla (McAnulla, 2006) and Margaret Archer (Archer, 1996) broadly shares the foundationalist ontological standpoint adopted by positivists - namely that there is an objective external social reality that exists independent of those viewing it. It also claims however that there are hidden structural factors operating (such as social class, structural economic factors such as the ownership of the means of production and inequality in the distribution of property and wealth) which can explain much social phenomena. This leads realists to advocate mixed methods - quantitative techniques for phenomena which may be observed and qualitative techniques for phenomena which may be hidden. Many debates in realism stem from its classical Marxist heritage and revolve around the extent to which there is economic determinism and how much of a role structural factors have to play in social and economic life.<sup>142</sup>

Interpretivists operate from a different ontological position regarding structures as socially constructed. Some realist writers such as McAnulla (McAnulla, 2006) have argued that the Interpretivist perspective is inadequate but this criticism in large part derives from the different ontological positions that each perspective adopts and are a matter more for assertion than proof. Interpretivism draws on a range of



hermeneutic traditions within Public Administration such as history, philosophy and law (see Annex 6 of this thesis - 'Methodology').

### 6.4. Justification for the Case Study Approach

As outlined in Chapter 1, this thesis adopts a case study approach. This is considered to be appropriate given that the purpose of the research is to understand just how practitioners view governance and seek to make it accountable. Creswell made clear the benefits of such an approach – namely that they enable development of an in depth analysis by way of either a single or multiple case (Creswell, 1998). They have a rich history within Public Administration being drawn from Political Science and Sociology as well as Organisation Theory (Spann, 1953). The data is often collected through multiple sources. In the cases covered by this thesis primary data is captured by way of interview, but is supported by an exhaustive Literature Review and also by the researcher drawing upon professional experience of 15 years of working within the Local Government sector. The data analysis within and between cases typically has a focus upon description, with the production of themes and supported analytic assertions. The overall purpose of adopting the case study approach is to develop an in depth contextual study of a particular case (Creswell, 1998). In many ways the case study in the present day has the same limitations and uses that it had over half a century ago. In terms of limitations, Spann recorded that in some quarters it was difficult to obtain first hand information (particularly in the UK) which could be used to develop case study materials, and this chimes with the experience of the researcher of this thesis who experienced considerable difficulties in the initial stages of collecting primary data<sup>143</sup> (Spann, 1953) although it is readily acknowledged that those who eventually did take part in the study did so with enthusiasm and a strong commitment to the purpose of the research. Second, an important use of the case study method has been to develop it for teaching purposes. In 1950's this applied to the teaching of practical courses on local government and hospital administration, in much the same way as it might apply today on an MPA. The point is to use the case to draw from experience and use it as a basis to build relevant knowledge and skills. It is contended that the in depth interview material collected by way of the two case studies in this thesis together with the supplemental interviews provided from within the sector, together constitute



a valuable resource for teaching and learning purposes, over and above the particular purposes of this thesis.

The two case studies within this thesis shall be based on interview data collected at the empirical stage (see Chapter 7 'Methods') and although it is contended that such is sufficient of itself to support the analysis and conclusions set out herein, it has been supplemented by additional interviews from organisations and opinion formers within the local government community (set out in Annex 10 'Supplemental Interviews') which adds further weight to the conclusions drawn in Chapter 10 to this thesis. The case study method is justified because it allows for reflection by both the interview participants and the researcher and enables a set of narratives (thick descriptions) to be produced to form the basis of further analysis.

### **6.5. Summary & Conclusion**

This chapter has set out the fact that an Exploratory Research Design has been adopted because although much has been written on broader related issues, there is a dearth of published material on just how governance is seen by local government practitioners. The importance of being clear on the ontology and epistemology has been stressed. The use of an interpretivist perspective has been justified and the undermining of the positivist approach has been surveyed. It has been argued that a case study is the appropriate methodology for this study.

The broader methodology outlined in this chapter has informed the research methods used for data collection and analysis which shall now be explored in Chapter 7 ('Methods').



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## Chapter 7 – Methods

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## 7.1. Introduction

This chapter outlines the methods to be used in this thesis for data collection/analysis and must be considered in the context of the broader interpretivist methodology outlined in Chapter 6 alongside the Aims and Objectives set out in Chapter 1.

## 7.2. Data Collection

Primary data was collected by means of a series of semi-structured interviews. This method is considered appropriate because it affords the opportunity to develop detailed practitioner based narratives on issues relating to governance and accountability of local authority services, in the context of the development of outsourcing and partnership arrangements.

The interviews were conducted on the basis of an Interview Guide (see Annex 7A of this thesis – ‘Interview Guide’) which was developed as a series of prompts/issues arising from the Literature Review and subsequently tested in two informal anonymous pilot studies with local authority colleagues.<sup>144</sup> This guide shall focus on two sets of issues - (1) governance issues with a particular focus on the complexity arising from partnership working and outsourcing (2) accountability/scrutiny issues with a focus upon securing strong Democratic Anchorage over governance activities. The interviews were tape recorded and subsequently transcribed by the researcher for the purposes of analysis with the transcripts being annexed to the thesis (see Annexes 8-10 of this thesis ‘Interview Transcripts’).

There was a round of scheduled interviews with each of the participants in the two case study local authorities. These were conducted on an anonymous basis. The analysis from these case studies, are set out in Chapters 8 and 9 of this thesis. In addition to this there was a series of on the record interviews which were conducted with various organisations and individuals within the local government sector – namely the Local Government Association, the Centre for Public Scrutiny, the Northern Ireland Local Government Association, the Vice Chair and Clerk to the Parish Council and the Chief Executive of a City Council. All of these were provided in face to face interviews, with the exception of the Parish Council who kindly on



request agreed to provide full information in documentary form. This latter group kindly agreed to provide information on the record and these interviews have been used to support the conclusions set out in Chapter 10. It is considered that these interviews add depth to the study and support the general conclusions that have been reached in the analysis of the two main case studies.

### **7.3. Selection of the Case Study Local Authorities: A Purposive Sampling Approach**

Upon receipt of ethics approval for the thesis in August 2014 before the fieldwork began, the researcher contacted around 50 local authorities over the following two months by way of a telephone call followed by emailed letter and formal documents (See Annex 7B – Thesis [Introduction] Letter and Annex 7C – Information Letter). The response rate was very poor,<sup>145</sup> but nevertheless eventually three local authorities very kindly agreed to participate in the study – one in the Birmingham city region and two in the Leeds city region. The researcher was keen to use metropolitan authorities because of the vast array of local government functions that they cover. This position coupled with the professional experience of the researcher in the field of local government justified using a purposive sampling approach (Deming, 1990). In the final analysis, only the data from two case study authorities has actually been analysed, due to resource constraints. The data from the third authority has been securely held and although preliminary indications suggest that those findings would be likely to replicate in substantial part the findings from the other two case study authorities, suggesting that saturation point (Glaser & Strauss, 1967) is likely to have been reached, it will nevertheless be worth subjecting that data to closer analysis as a further stage of the research when resources become available. Although the researcher did not intend to conduct a comparative study, interesting points of comparison have been commented upon in the analysis such as when common themes arise or new themes have arisen.



## 7.4. Internal Sampling Within the Case Study Local Authorities

There was of necessity a degree of flexibility when determining who should be interviewed within each authority. Much was dependent upon the degree to which access could be secured at the time. It is important to recognise that all authorities who participated did so out of goodwill. The intention was to obtain data by role that would provide a comprehensive picture of how governance/scrutiny was seen from the vantage point of that role, as well as beyond it to the case study authority. Within each case study local authority, the following individuals were surveyed - namely:-

1. Chief Executive (Case Study 1 and 2).
2. Head of Partnership & Democratic Services (Case Study 2)
3. Elected Leader (Case Study 1 and 2).
4. Elected Ward Member (Case Study 1)
5. Scrutiny Input (Case Study 1 (Joint Interview Scrutiny Chair & Officer, and Case Study 2 Scrutiny Officer)
6. Elected Chair of LSP (Case Study 1)

1. Chief Executive - This is likely to provide an informative perspective on the broader issues of around governance – particularly strategic corporate objectives around economic growth, joint working and forms of governance with particular emphasis on working outside of the local authority to secure corporate objectives. Of particular interest shall be the priorities that they identify, the nature of the public policy agenda with which they have to engage, how they see the local authority in the community, how they judge success, the type of leadership they exercise, what motivates them and how they see the challenges of the future, particularly in the context of a declining resource base.



2. Head of Partnership & Democratic Services and the Elected Chair of LSP – This shall provide a perspective on the issue of partnership working, the fields in which it occurs and the importance that attaches to it. There is also the question of how these arrangements may be scrutinised.

3. Elected Leader – The politicians provide political legitimacy for the local authority and have the democratic mandate to devise and direct public policy. It shall be useful to see how they see the Community Leadership role, obtaining a picture of the corporate objectives as seen through the political lens of the leader, the policy challenges, the approach to partnership working, the forms of governance and the nature of the policy agenda within which they must work. The elected leader will no doubt be politically astute and keen to ensure that the local authority reflects not only the civic pride of the area but also is mindful of the political element.

4. Elected Ward Member – If the politicians provide political legitimacy, then elected members do so at grass roots level. It will be interesting to get an insight into how they see governance, how they see their role, what they do and are expected to do to perform it. A detailed narrative would be useful to provide an insight into this under researched area of how local members see their role. The issues of party politics, civic duty and community are likely to figure large in these discussions. Do ward members feel in any way inferior if they are not performing a scrutiny or regulatory role?<sup>146</sup>

5. Scrutiny Input – The key issues here will be to assess the appetite of local members to scrutinise, how much do they want to do it, what kind of people are attracted to the roles, what remit do they have, are they sufficiently equipped to do the job and if not how may this be improved? How do they deal with outsourced companies and shared scrutiny arrangements?

### **7.5. Data Analysis & Approach to Coding and Thematic Analysis**

The analysis for the two case studies in Chapters 8 and 9 is inductive in nature based upon analysis of interview transcripts, containing quotations and analytic

commentary, producing a thematic analysis which is grounded in the primary data that has been collected.

Interviews were conducted face to face and at the office of the local authority. They ranged in length from 25 minutes to over two and a half hours. The interviews were tape recorded and it was agreed with case study authorities that the data would be analysed on an anonymous basis. All participants were most helpful and agreed to have the discussion recorded. Immediately after the interview a detailed field note was made of the interview with the researcher making use of notes made during the interview (usually on the Interview Guide) itself.

The basis of the interview was the interview guide which had been developed and road tested by informal pilot studies amongst local authority colleagues in the Summer of 2014. This pilot resulted in the areas for and scope of questions being clarified before the first interview commenced. As interviews progressed however the researcher placed less reliance upon the Interview Guide and in any case the interviews were conducted on an unstructured/semi-structured basis.

The interviews were then transcribed. The researcher personally transcribed all the interviews for Case Study 1 using specialist audio equipment specifically acquired for transcription purposes in connection with this thesis. In order to save time, the interviews for Case Study 2 and the supporting interviews were professionally transcribed by a well known transcription firm based in Brighton. The data from the Parish Council was collected by way of written documents which followed an initial informal meeting with the Parish Clerk.

The recording of each interview was then replayed and a preliminary analysis was conducted by the researcher following the written transcript, using the contemporaneous electronically recorded field note as an initial aid. This open coding process allowed initial categories (which were either frequent or otherwise significant) to emerge from the primary data collected, with the transcript being marked up accordingly (Prasad, 2005). The marked up transcript for each interview was then analysed further, to develop axial codes, through which patterns of interest emerged that were duly documented (such as when categories appeared together in



dialogue). Although the researcher was keen to acquire a deep contextual understanding of the matters under consideration – namely governance and scrutiny from the viewpoints of practitioners – attention was paid to the frequency of categories (and subsequently themes) raised in the dialogue, not least because it was an initial indicator as to how significant the category/theme was from the viewpoint of the participants. The results of the open coding and subsequent axial coding processes were then grouped into themes by way of selective coding and incorporated into the study for analytic commentary. These themes were documented in tabular format, for each case study and are set out in Annex 8 and 9 of this thesis. These tables denote the quotation of interest, links it to a category and then groups the categories into an overarching theme for analysis. Whilst it is accepted that the selective coding process involves a degree of subjective judgement on the part of the researcher, such a judgement is based upon a developed sense of situational awareness having conducted the interviews, gained knowledge of the participants and acquired long professional experience from within the local government sector as well as the exercise of academic judgement. Whilst at the margins it may be possible to contend that one category should be placed within a different theme, it is contended that the chosen categories are appropriate and that the resultant themes are wholly grounded in the primary data provided by participants. It is also contended that the data as analysed gives a full and fair representation overall of the interviews that were conducted and represents a strong provisional claim to knowledge in the interpretivist tradition (Bevir, 1999).

The researcher was keen to protect the integrity of the data collected, both as a professional courtesy to participants and to provide unique insight into how governance and scrutiny was viewed by participants occupying different roles. For this reason the analysis in Chapters 8 and 9 is arranged by interview rather than by theme. The conclusions however draw together the wider themes and overall thematic conclusions for the particular case study.

The final stage of the analysis was to use the themes to address the issue of how governance appears to practitioners, and on this basis three strands of Governance (place shaping, reshaping governance and service delivery) were identified, allowing explanations to be inferred on the question of complexity and speculation upon the



implications for leadership/motivation and management, together with any appropriate observations on outsourcing. The data was then analysed to answer the issue of how complex governance activities are scrutinised and made accountable, raising the question of whether this is sufficient or in need of reform.

### **7.6. Issues of Validity, Reliability, Authenticity & Trust**

Traditionally the integrity of the research process has required attention to be given to the issues of validity, replicability and reliability (Bryman & Bell, 2003). It is contended that these concepts which have been developed primarily in the context of quantitative research have at best limited applicability in the qualitative setting, not least because they are based on the (positivist) notion of objective reality rather than (interpretivist) competing narratives and were devised in the context of measuring/analysing relationships between variables rather than being concerned with developing deep cultural/contextual understanding in any particular setting.

It is contended that the alternative criteria developed by Lincoln & Guba (Lincoln & Guba, 1985) based on being trustworthy and authentic are perhaps more appropriate in the context of qualitative research. The concept of trust has four key elements to it:-

**CREDITABILITY** – This is concerned with whether the data appears authentic. In this case the researcher is a local government professional with an in depth legal and political knowledge of the sector. In this context, the researcher contends that the data collected and conclusions reached are credible.

**TRANSFERABILITY** – This does not mean transferability in the sense of a universal law being applicable (Crick, 1959, 1962), but rather the question generally of whether lessons in one situation may usefully offer insight in another (Lijphart, 1971). In the analysis of case studies within this thesis, general thematic conclusions are drawn and although there was no intention to be overtly comparative at the outset, comment is made where considered appropriate within the analysis. This perhaps underscores the benefit of case study as a method that it allows in depth contextual analysis yet does not preclude the drawing of lessons from or between different cases. (Spann, 1953).



DEPENDABILITY – This centres upon an audit process and in these cases spot checks were used to check accuracy of coded data in relation to quotations recorded in Annex 8 and Annex 9.

CONFIRMABILITY – This means being explicit about researcher bias/preconceptions to the extent at least that they are known. The interview transcripts are included in the Annexes to the study for reference purposes – the analysis is coded and conclusions are fully referenced and grounded in the data.

The issue of Authenticity refers to whether research outputs seem authentic and whether the analysis fits in with the data collected (Lincoln & Guba, 1985). It is contended that the conclusions reached in this thesis are grounded in the data and meet the criteria set out above.

### **7.7. Organisation of Interview Analysis for Case Studies**

The two case studies are analysed within Chapters 8 and 9 of this thesis. One chapter is devoted to each case study. The analysis has been organised by interview role rather than by holistic theme to protect the overall integrity of the data and to provide an overview of the role surveyed. However the summary and conclusion for each case study draws together broad themes across all roles and makes connections between the roles where it is considered appropriate to do so.

### **7.8. Use of the Data**

The voice data collected shall be used for the purposes of research for this thesis only, being recorded and stored on tapes prior to transcription. The tapes shall be securely held by the researcher and either returned to the interviewee (or if not required) destroyed after 5 years from the completion of the thesis.

One original transcription of each interview shall be annexed to the thesis and all working copies used during the research shall be securely held by the researcher and either returned to the interviewee (or if not required) destroyed after 5 years from the submission of the thesis.

### **7.9. Data Storage.**

Any primary data collected shall be securely held by the researcher with the voice tapes placed in a secure safe after transcription.

### **7.10. Confidentiality.**

The researcher has agreed with the participants for the two case study authorities to keep interview responses anonymous and confidential and only to publish analysis and findings that do not allow for identification of either the individuals or the local authorities concerned. This is in contrast to organisations who were interviewed in order to supplement the case studies (Annex 10) who provided the information on an attributable basis.

### **7.11. Research Ethics.**

The researcher is mindful of the importance of research ethics and has consulted and complied with 'The Ethical Guidelines For Good Practice in Teaching & Research' published by the university (September 2011). The research proposal was passed by as ethically sound by the university in August 2014 before fieldwork commenced.



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## Chapter 8 – Case Study 1: Interview Analysis

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(References [XX] refer to quotations which can be found in Annex 8 & 9 tables)



### 8.1. Introduction

This chapter sets out the analysis of a series of face to face interviews conducted for Case Study 1 (set out in Annex 8A to 8E). Interviews were conducted at the Council offices with the Council Leader, Chief Executive, elected Chair of the Local Strategic Partnership, the Scrutiny Officer/Chair of Scrutiny and a Ward Member. These interviews were analysed and are set out by role in order to provide a coherent picture in respect of each role carried out. The table in Annex 8 sets out the themes and categories that attach to each role. The chapter concludes with an overall thematic analysis of the case study authority which is grounded in the primary data that has been collected.

This Case Study authority is located within the West Midlands. It is one of the 36 metropolitan borough councils that was established under the Local Government Act 1972 and it assumed unitary status with the abolition of the West Midlands County Council under the Local Government Act 1985. The borough is Conservative controlled and has a population of just over 200,000 and is located within the West Midlands conurbation. It is regarded as prosperous, serving as a commuter area for neighbouring Birmingham, to which it is well connected by both road and rail. The borough has assets of both regional and national significance within its boundaries and has a diverse economy centred upon both the manufacturing and service sectors. Notwithstanding this however, the borough also has pockets of multiple social and economic deprivation, particularly on one large housing estate, several respondents mentioned this and the Council is working hard with partners to devise solutions designed to address these problems in the medium to long term.

### 8.2. Council Leader Interview

#### Theme A - Economic Growth

The Council Leader was clear that *‘our key priority is economic well-being as this drives everything else forward’* [A1] and went on to make clear that ..... *‘economic sustainability and well-being is absolutely key ..... to driving forward the borough into the future’*. [A3] This is not only because of the desire to protect services in light of fiscal challenges arising from a decline in central government funding, [A2] but



also to take account of the fact that long term the demographic position in the borough indicates that there is an ageing population, placing high demand on care services, which obviously creates adverse fiscal consequences for both revenues and spending [A10]. The overall context for these comments however may be taken to be the fiscal challenge set out in the RSA City Growth Commission report (O'Neill, 2014) where it was chronicled that only Bristol amongst English city regions outside of London actually generates a net surplus for the national exchequer. Even large regions such as the Greater Manchester and Birmingham City Region do not punch above their weight. Greater Manchester has a £5bn annual gap between tax raised and spending incurred.<sup>147</sup> The solution is assumed to be to take steps to generate economic growth on the one hand and drive down the costs of welfare/dependency on the other. This necessitates engagement with a complex public policy agenda (see section 4.2 of this thesis) as local authorities seek to develop plans that will deliver long term sustainable economic growth. This requires attention to transport infrastructure. The leader maintained that transport was seen as having the potential to be a driver of economic growth if it was managed right, commenting that *'we have got very clear views about what we need to do to drive the economic benefits out of high-speed rail.'* [A7] Referring to the proposals to site an HS2 station in the borough, the leader was clear that it had to deliver wider economic benefits and would only be developed as part of a wider mixed use development incorporating employment, leisure and retail as well as housing uses [A8] thereby maximising the potential of the station site itself to generate sustainable economic development in the area. In fact this was regarded as crucial and the Leader expressly stated that *'we don't want a box on a car park.....We don't want marshalling yards what we want is a clear economic plan that [delivers].... long-term sustainable and manageable economic growth.'* [A9] It is worthy of note that not only is HS2 itself seen as a potential driver for economic growth [A6] but the associated infrastructure is seen in the same way. In addition to transport issues, developing the skills of the local workforce is considered to be of vital importance, so the Leader was clear that *'the whole skills agenda [is important] because clearly we want a highly skilled workforce who can meet the requirements of the inward investment employers we are attracting into the borough.'* [A4] This in turn means greater liaison with FE Colleges and schools together with employers to ensure that the skills required by employers who are considering locating in the area can be met by the local population. [A5.] There is



clearly a role for the LEP's here as they seek to develop a skills strategy for the wider region and there is also the question of Combined Authorities having control over skills budgets<sup>148</sup> so that these decisions can be made and funded locally to satisfy local demand rather than being set centrally by Whitehall. This links to the reshaping governance debate (see Chapter 4 and Theme D – Reshaping Governance) around freedoms and flexibilities which is now a familiar refrain from civic leaders such as Sir Howard Bernstein and Tom Riordan.<sup>149</sup> The importance of economic development [A11-A13] and reshaping governance [D4-D9] is also reflected in the observations of the Chief Executive of this Case Study Authority and it serves to demonstrate the importance that local authorities attach to place shaping (as opposed to service delivery) and it underlines the strategic economic importance of local authorities undertaking that wider community leadership role.

### Theme B – Joint Working

Overall, it is clear that the Leader sees the Council as operating as part of a wider network to secure successful place shaping and service delivery. Some of this is driven by fiscal challenges and the need to make efficiency savings. In fact, it is explicitly acknowledged that *'....we are constantly looking for new ways of working within local government through Memorandums of Understanding or some other joint type of arrangement with other local authorities'*. [B6] This links in with the network/joint working approach needed to deliver economic growth (Theme A). In the sphere of health, it is indicated that the Health & Wellbeing Board<sup>150</sup> acts as a partnership to work with GPs and others to reduce health inequality and there is an express acknowledgement that the Council does not have the capacity or the resource to do this alone. [B1.] Indeed the Board seeks to integrate health and social care policy delivery which the City Growth Commission (O'Neill, 2014) thought was key to reducing long term costs of welfare dependency. In the sphere of crime policy, the borough works closely with the Police Commissioner to produce the West Midlands Crime Plan so that the regional plan reflects priorities for criminal justice in the borough such as incorporating targets for crime reduction. [B2] The Leader is clearly enthusiastic about the benefits of joint working, making clear that what matters to the public is that they get a quality service (there are clear links to Theme C – Quality Service) by way of an example it was stated that



*Mrs Jones phones up she goes through our Connect service now she maybe phoning about a particular issue, but our call centre people then ask her a range of questions to see if she needs any other services. So for instance I'll give you a classic example.....(an example detailed in the interview of a lady calling with a housing problem resulted in also resolving heating problems through the Winter Warmth campaign and a claim for benefits towards costs). [B7]*

The leader was proud of the Expert by Experience [B3] Programme in Adult Social Care which sought to boost public participation and give a direct role in developing intelligent commissioning in that these experts have a role in designing the specification for commissioning services, stating that.....

*it [is] intelligent commissioning in the sense that we have people who are users of services who actually help us define the specification of the services that we require so that is what they do. And they are actively party to that... [B5]*

The example of the Winter Warmth campaign [B7] demonstrates a commitment to a one-stop joined up approach to service delivery, whilst the example of Dementia Friends and Businesses [B8] demonstrate the importance of tackling these long term issues through a partnership approach, not least to drive down the long term costs of welfare, so that there are greater net resources to devote to productive economic activity (O'Neill, 2014).

### **Theme C – Quality Service**

The important issue is the quality of service that is provided rather than whether it is done by direct or outsourced provision. The Leader was asked whether *'[On the question of outsourcing is it fair to say that nobody is too bothered about whether services are provided directly or outsourced as long as the services are delivered well?'* [C1] and it was confirmed that

*.....that's probably right. It is all about quality isn't it? [C1]  
[making reference to the commissioning of health services]*



*‘people were saying well actually I don’t really care who delivers it provided it is delivered safely effectively and with the quality underpinning it. [c2]*

The provision of refuse collection and highway maintenance functions are outsourced. [c3/c6] This reflects the findings of a study conducted in the Netherlands (Wassenaar, Groot & Gradus, 2013) that pragmatic and practical considerations reign supreme when looking at the outsourcing of services and it lends support to the ‘Third Way’ analysis that the (New Right) ideological gloss which attached to outsourcing when the legal/policy frameworks were ushered in during the 1980’s has since been on the wane (Giddens, 1998, 2000) giving way to these more practical considerations – particularly around quality. [c1] As the Leader observed that

*as a council [we] don’t empty our bins, we contract out the emptying of the bins, we as a council don’t repair our own roads, we contract out the repair of our own roads. We contract out either 92 or 93% of all adult social care in this borough [c3]*

and there are joint commissioning arrangements with other local authorities in areas such as sexual health services aimed at maximising efficiency. [c5] This authority however manages the contract for housing repairs for a number of other local authorities in the region because they have developed particular expertise to do so. [c6]

### **Theme D – Reshaping Governance**

The Leader was keen to acknowledge the importance of the debate on reshaping governance - *‘If the national debate is moving towards Combined Authorities.....we are not going to say we will not have those discussions’ [D1]* - although it is clear that political co-operation in West Midlands authorities is not anywhere near as advanced as it is in Greater Manchester [D2] (which has a long history and now has the strongest model – see section 4.12 of this thesis). It is notable that housing/local planning issues are flagged up as being difficult politically to include in the Combined Authority model – with the Leader stating that



*...there are some very clear areas where those discussions will NOT include....and they will not include strategic land use i.e. housing [land allocation] issues which will be dealt with through our own Local Plan. [D1]*

The difficulties surrounding the devolution of powers to a Combined Authority on spatial planning issues was underlined by the comments of the Head of Partnership and Democratic Services in Case Study 2 and is reflected in the fact that in Greater Manchester for instance under the new Devolution Agreement<sup>151</sup> unanimity of the Combined Authority Cabinet is required to endorse the spatial planning framework proposed by the Mayor after 2017 – meaning that each authority can block the proposals on spatial planning.

### **Theme E – Appetite to Scrutinise**

This theme reveals that elected members (including the Leader [E1-E3] and members of the Scrutiny Committee [E4-E8b]) are keen to hold executive members to account, [E4 and E5] as extending oversight to external bodies [E2, E3, E7 and E8.] that are involved in delivering public services.

The Leader was keen to emphasise the importance that the local authority attaches to its community leadership role at a corporate level and the democratic legitimacy that is attached to that. The Leader states that *‘....I think that they respect and regard the community leadership being provided by councillors as being absolutely important.’* [E1] The reference to importance suggests that elected members are proud of their role and that this legitimacy is respected by partner agencies [E1] . There is a clear appetite for members to develop strong democratic anchorage (Sorensen & Torfing, 2005) over unelected bodies so as to address the accusation of Democratic Deficit - the leader is clear that

*..... there is an issue about democratic deficit in other organisations that the local authority brings to the table, so they overcome the criticism of other organisations [that] there is a democratic deficit.....I am trying constantly to overcome the accusation of democratic deficit within these organisations [E3]*



This underscores the willingness of members to expand the Scrutiny role and links in with the comments of the Chief Executive in Case Study 2 that the reason for doing so is that politicians fear getting the political blame for issues that they cannot control.

### Theme F – Overview Role of Scrutiny

The leader stressed the overview/policy development aspect [F2] of the Scrutiny function established under the Local Government Act 2000<sup>152</sup> as opposed to the monitoring policy delivery aspect. The leader was keen to do this on the basis that scrutiny committee members had an input into developing wider policy programmes. The Leader commented that

*....we are very keen [that Scrutiny should] have a policy development role because otherwise it just becomes very much focused on programme management..... which really isn't the sort of thing that we only want scrutiny to do. [F2]*

There is always a potential issue that this could be at the expense of scrutiny as a check on executive power, particularly given limited resources that the function has (see observations from the Centre for Public Scrutiny in Annex 10). This aspect clearly links to Theme E (Appetite to Scrutinise). The importance of the overview function was however also stressed in the joint interview with the Scrutiny function (see Theme F – Overview Role of Scrutiny).

### Theme G - Motivation

The Leader explains that *'I've been a public servant a long time started the ground floor up as a parish councillor and so I have come up through the ranks you know'.* [G1] These Parish Council links are similar to the leader of the authority in Case Study 2 and suggest that local representation has a deep community base.<sup>153</sup> There is a clear wish to contribute to the community good, as is evidenced by the comment - *'what you can do is actually hope that you can deliver something that makes people life a bit better every day'.* [G2]



It is likely that this motivation is rooted in the public service ethic with an echo of Waldo (Waldo, 1948) with his staunch defence of public service values and those associated with elective politics, as is evidenced by the comment that *'we are on the ground, voted in, people know where to put the X's if they don't want us they put their X somewhere else and what better sign of democracy is there than that?'* [G3]

### 8.3. Chief Executive Interview

#### Theme A – Economic Growth

The Chief Executive made clear that the most important priority was to deliver jobs<sup>154</sup> to people in the borough, it was agreed that this was a *'top line issue.'* [A11 and A12] The primary purposes of prioritising economic development are because (1) they enable job creation and (2) they enable place shaping in the local area.<sup>155</sup>

On job creation, the Chief Executive observed that

*it is a basic point - you can complexify the equation, but it's a basic point- decent job, decent salary, knowing that you are going to be employed for the next four or five years, gives you financial security it provides a degree of happiness and well-being, and people in work tend to be healthier than people who can't get into work for whatever reason - so there is a health angle - decent housing, multiplier effect of the economy and people actually feeling good about themselves and their homes there is a social dividend from that. Actually Howard Bernstein from Manchester [City Council] articulated it absolutely brilliantly. [A12]*

The above comments make clear the importance that job creation and economic development now has to the work of a modern local authority. It is highlighted that a quality job is not only beneficial to the holder of it, but also to the local economy and that this has a series of positive spin off effects for other policy areas such as health and crime (this is echoed in the comments of the Chair of the LSP). [B17] It underlines



how economic growth is the cornerstone that supports other public policy interventions.

On place shaping, the Chief Executive made clear that

*....it means a greater opportunity then to drive, understand and to realise the benefits [deriving from economic growth] and actually you can't deliver economic growth if you haven't got the health and well-being of the right skills coming through so if you pull up too far apart - and you look at local government and it's all structured people and places places and people - aren't we? This place is - now I come from a people background children's [services]. But actually I spend most of my time now dealing with economics. So for me it is about people and jobs who then drive the local economy [A13]*

It is particularly telling that the Chief Executive spends most of his time on economic matters. It is submitted that this is because the economy forms the bedrock for delivering the 'place shaping' agenda. This is reflected in the comments of the Leader. It has been rightly acknowledged by the Chief Executive, to be impossible to drive population wellbeing without first ensuring strong sustainable local economic development. The need to engage in place shaping (this involves everything from the creation of sustainable jobs, to securing integrated transport links, provision of quality education and training, having business support services to attract inward investment and securing the operation of functioning housing markets). This by definition, is a longer term agenda and the fact that it shapes the character of the locality over that time span means that elected members and officials see this as an crucially important aspect - and it may be argued a distinct strand - of governance. This is in addition to the immediate agenda of service delivery on areas as diverse as refuse collection and highways maintenance which is labelled the 'day job'. [A13] It is submitted that economic development assumes such importance at both local and national levels because, as the RSA City Growth Commission indicated (see section 4.11 of this thesis) (O'Neill, 2014) it is crucial in generating revenues (such as through business rates) and depressing welfare expenditure thereby creating the



opportunity for local areas to thrive as well as being able to make a net fiscal contribution to the national exchequer. Maximisation of economic potential requires attention to be given to supply side issues in the complex public policy agenda such as transport links, broadband speeds and skills provision. Successful delivery of economic growth should in the long term assist with decreasing welfare spend as unemployment and issues of complex dependency are addressed. This necessitates working through partnerships to deliver such a diverse policy agenda (and links to themes of Joint Working (Theme B) and Interlinked Public Policy (Theme P) and requires consideration of debates around re-shaping governance, co-design of public services, capacity for local revenue raising and the development of community budgets/flexible funding streams (and links to the theme of Reshaping Governance - Theme D).

### Theme B – Joint Working

The Chief Executive stressed the importance of overall of place based leadership and thus link to the Place Shaping Agenda which is facilitated by economic growth (Theme A). There is confidence that external partners recognise the democratic legitimacy that accrues to elected members in exercising their community leadership role [B9] and a further recognition that delivery of a complex public policy agenda requires partnership working if benefits are to be maximised, and the Chief Executive observes that

*actually there is an appreciation amongst partners but if we work together we can actually improve the transactional aspect of the business that we do whether it be a police officer or a GP..... but there is a higher value in terms of co-designing and co-delivery .....there is, is a massive opportunity to understand the system. [B10]*

This leads to considering the prospects of co-designing and co-delivering of services with partners in a joined up way [B11] and links with the thoughts of delivering tailored services that meet needs along the ‘general bespoke’ principle advocated by Blond (Blond, 2014) (see Chapter 4 of this thesis). This links in to an advocacy of community budgets [B12] with the links to the devolution debate and reshaping



governance theme (Theme D). There is also an appeal for more stability through long term planning from central government in the forecasting and delivery of financial settlements to aid service planning and delivery. [B10] This was echoed by the city council Chief Executive (see Interview Annex 10).

### Theme C – Quality Service

On the outsourcing of services, the Chief Executive adopted a pragmatic position declaring *‘I work on the basic assumption that what matters is what works. And what works is what matters. So I am absolutely clear that outsourcing/commissioning is with us’*. [C8] He goes on to stress that *‘..... what matters to our residents and our communities is having the very best service’*. [C9] The *‘what works is what matters’* position on the question of outsourcing, serves to show that to a large extent the (New Right) ideological gloss which accompanied the introduction of the legislative framework (see Chapter 3) facilitating outsourcing has now given way to a pragmatic position that puts the efficiency and quality of service delivery centre stage (Wassenaar, 2013, Giddens, 1998, 2000). This position is reflected in the comments of the Leader<sup>156</sup>. The Chief Executive underscored this by making reference to his previous (Labour) authority and the present (Conservative) one to make the point that the amount of outsourcing was not vastly different. The Leader made clear that nearly all Adult Services are outsourced and the Chief Executive indicates how large portions of Children’s Services are delivered by the private sector with reference to Children’s Centres and Academy School provision -

*..... we outsourced children’s centres to the voluntary sector and charitable organisations you could argue we have outsourced education to academies. So actually you look at the model and I commission all sorts of public private agencies to deliver services both here and in my last place. [C11]*

The Chief Executive was clear that overall he was accountable for failure stating *‘...I am accountable - I’m accountable\_It is public money’*. [C12] This supports an ethical position on leadership and suggests to me it underlines a basic principle that the most senior public servant in the authority was not only willing but eager to accept responsibility<sup>157</sup> that went with his position because he considered it simply



the right thing to do.<sup>158</sup> The Chief Executive made reference to the outsourcing of children services in his previous post, observing that he as DCS was statutorily responsible under the Children's Act 2004 regardless of whether the services were provided in house or not. [C12 This is a specific statutory provision. In other cases such as the child sexual exploitation issue at Rotherham MBC this has sparked resignation of the DCS there in light of the Jay Report. Similar provisions would include s151 Local Government Act 1972 which places the responsibility for accounting matters with the Chief Financial Officer.] The Chief Executive was clear that in general, contract management needed to be improved. [C12] This position is perhaps supported by high profile public sector failures such as that with the South West One contract<sup>159</sup> (see Chapter 3) and is supported by the comments from the Centre for Public Scrutiny. (see Annex 10).

### Theme D – Reshaping Governance

The Chief Executive was clear as to the malign impact that the centralisation of the Westminster system has had on local areas and the local government system generally. In response to my observation of centralisation and suggestion that claims to devolve power were on the rise, the Chief Executive was clear that no extra resources would be on offer, but that surely councils *'..... should be given the ability to innovate and develop freedoms and flexibilities – that is what government can give'*. [D3] Making reference to fiscal devolution and the prospect of co-designing services [D6] it was proclaimed that

*....., and for me in local government..... we need to articulate and it's bigger than the question of whether we need combined authorities or city region - it is about national identity and at the moment we are under siege from ourselves. [D7]*

These sentiments echo the refrain from Sir Howard Bernstein that the current system of governance suffers from over centralisation to the extent it is becoming a block on economic growth and as such is *'bust'*<sup>160</sup> (see Chapter 4) and the demand from the City Growth Commission that a new settlement be forged between central and local government that provides for freedom and flexibilities for local authorities to drive economic growth and reduce the long term costs of welfare, as such it is considered to be in the national (as well as local) economic interest (O'Neill, 2014) which possibly makes this call for devolution to local areas different from previous requests



[D9] . These governance changes are required to help generate economic growth (Theme A) by facilitating place shaping and delivery of sustainable employment. There is an acceptance that the financial settlement from central government is tight and this reflects the comments of the Chair of the LSP. This links to the observation that the case study authority shall be financially independent in just three years (due to declining government grant) [D6] . This brings the question about how to raise local government finance and the appeal for local government and agencies to be given fiscal certainty to aid longer term planning. [B10] The debate around reshaping governance, links in with the joint working/partnership approach (Theme B – Joint Working) and the need to rethink the co-design and delivery of public services (Blond, 2014).

### Theme H - Leadership

The Chief Executive confirmed his view that leadership is the key part of the job. He contended that

*my day job is leadership. So everything I do when I behave the way I speak the way I walk when I go out to get a cup of coffee from here way I present myself - is all leadership [H1]*

and that it is all encompassing with no division between the public and private roles, commenting that *‘.....there is no division.’* [H2] There is a desire to be visible [H3] and lead by example in order to develop a deeper understanding of public service functions through which authenticity and an ability to empathise [H6] is acquired. It is maintained that there is no one leadership style [H3] that fits all situations, thereby giving credence to the contingency school and this also links leadership to organisational culture. The Chief Executive exhibited a clear ethos to ensure professional development of colleagues giving rise to a belief of Servant Leadership [H7] (Greenleaf, 1991, 2003). The fact that the Chief Executive is at the centre of a power network locally engaging with partner organisations perhaps indicates that the Chief Executive tends to fulfil the role of a Boundary Spanner (Daft, 1989, Williams, 2002, 2010). Leading by example clearly links with other themes notably Organisational Culture (Theme I) and Management (Theme J) through the use of performance indicators and reliance upon delegation.



### Theme I – Organisational Culture

These comments underscore the importance of organisational culture with reference to the Chief Executive's previous post as DCS at a Greater Manchester local authority. In contrast to the case study authority, the organisational culture there was viewed as difficult, with morale suffering as a result [I1 and I2]. The fortunes of the Children's Services Department was however turned around over a period of five years by constant hard work, visible leadership, long term commitment and determination to achieve results. There are links with Theme H - Leadership. It is noted that there is no quick fix solution to improving morale and on this the Chief Executive was clear -

*.....[there is]no one way of changing it you know there's no silver bullet is just constant hard work and just talking to staff there you know it was about being visible it was all the usual stuff and it was about me being clear to myself that I am not moving on until this job is done. It's funny because when I left there was a piece of the Manchester Evening News and I'd forgotten I said this to a journalist, but I said if we don't turn around children's services you won't need to sack me because I'll go. [I4]*

It seems that one element in attempting to improve morale was the commitment that the post holder would remain until the job was done. These observations underscore the overall importance attached to the issue of organisational culture (Handy, 1993) and the important role that leaders play in shaping and influencing that over the medium to long term (Schein, 2010) and broadly confirms what that the researcher has observed from working in various capacities in over 20 local authorities that the organisational cultures are very different in each one (Cresswell, Moizer & Lean, 2014) and can have a massive impact upon staff morale.<sup>161</sup>

### Theme J - Management

The Chief Executive was clear that he relied upon experts and demonstrated a strong belief in the importance of delegation, [J1 and J2] using the systems analogy of a machine that may need a squirt of oil. [J4] The primary purpose of the Chief



Executive was viewed as leadership (Theme H - Leadership) and although management of specific issues or scenarios played a part, this was viewed as very much temporary. [J3] The role that performance indicators [J3] played in providing information for a strategic management monitoring and decision making was highlighted - *‘.....I have detailed systems so that I know exactly where each part of my business is operating from’*. [J2] It is suggested that this perhaps assumes increased importance with partnership working (see Theme B – Joint Working) and the growth of outsourcing (see Theme C – Quality Services) with the consequent need to steer networks on a strategic basis (Osborne & Gaebler, 1992).

### Theme G - Motivation

It is evident that the post holder considers holding the role of Chief Executive and his previous role as DCS prior to that, as a privilege, stating - *‘I will say how I feel about it Alex, it is just a privilege. It is a privilege to be in this role.’* [G5 and G10] It is evident that this is underpinned by a strong belief in public service ethic and a desire to deliver strong public services. [G4.] This opportunity to serve is viewed as a way of making an individual and corporate contribution to tackling broader social issues of injustice. In a revealing section of dialogue, the Chief Executive outlines how his motivating factor is to tackle injustice, when he expresses an ambition

*to try to correct injustice and that is the thing that will really get to me - the point that sometimes I am not rational about it really - I always being asked by some children - what makes you angry? Well I don't get angry really - I mean, I can wind myself up. But if there was to be a time it will be when I see real injustice. And that could be everything from apartheid and racism to poverty, the poverty of opportunity or anything like that it's about tackling the injustice that is the reason why I am a public servant, because I'm trying to find an avenue I have been blessed in this role and blessed in my last role to be fortunate enough to try to influence the factors that will drive justice. [G9]*



It is clear that pay itself is not offered a motivating factor although it is acknowledged that the role is well paid, [G6/G7] even though on the scale of Chief Executive officers it is at the lowest.

## **8.4. Elected Chair of Local Strategic Partnership Interview**

### **Theme B - Joint Working**

The Chair of the Local Strategic Partnership suggested that partnership working in the modern setting arises from two main issues (1) the need for economies of scale in light of the tight financial settlement that local government operates within [B13, B17, B18, B20, B21] and (2) in order to deliver a complex, interlinked and cross cutting public policy agenda in a multiple stakeholder environment. [B15 and B22] In order to drive this forward, the board of the LSP is composed of high level officials including the Chief Executive and Chief Constable. [B13] The Chair maintained that provided objectives were agreed on a joint basis, individual organisational cultures did not appear to be a barrier to service delivery or productive partnership working. [B20]

### **Theme K – Lateral Accountability**

The comments initially suggested that the Local Strategic Partnership was not scrutinised at all. [K2] But further comments indicated that accountability operated on a lateral basis (Mashaw, 2006) as it was '*self scrutinised*' between colleagues [K2/K3]. This is consistent with the building capacity through social capital (Putnam, 2002) and indicates that accountability operates on an informal basis between professionals on the basis of peer to peer accountability. [K4] The potential danger with this is that the process may not be sufficiently transparent and public participation may be marginalised.

## **8.5. Scrutiny Officer (SO) and Scrutiny Chairman (SC) Joint Interview.**

### **Theme F – Overview Role of Scrutiny.**

These comments indicate the importance that is attached to that the overview/policy formation element of the scrutiny function operated in compliance with section 21



Local Government Act 2000. Scrutiny members are keen to '*add value*' by making a corporate contribution by feeding into policy – not least because under the 2000 Act non executive members have little opportunity to contribute to this otherwise (Ashworth & Snape, 2004). '*The scrutiny members don't want to be doing stuff if at the end of the day it is not going to add value.....the majority of the work of scrutiny is around policy review*'. [F4] The importance of the overview/policy aspect was also emphasised by the Leader. The policy work of Scrutiny is reflected through a focus on particular policy areas such as Digital Strategy [F3] or Housing Allocation Policy [F6] that make recommendations to full council/cabinet. It is also demonstrated in area focused '*cross cutting*' policy work that aims to deal with deep seated issues of multiple deprivation through tackling jobs, education, skills, health and spatial development in particular areas. [F8] It would appear that this is partly a result of Overview and Scrutiny being linked in the statutory provisions, partly because there is no/little opportunity for '*backbench*' members to get involved in policy formation, but it is an open question as to whether scrutiny of executive decisions could suffer as a result of overview/policy taking priority, although in this case study there is no specific evidence that it did.

### Theme E – Appetite to Scrutinise

Both the Scrutiny Officer and the Chair of the Committee demonstrated a strong appetite to ensure that executive decisions were effectively scrutinised, with the production of an annual report by the Scrutiny function, which is becoming common (Cole & McAllister, 2015) [E6] and a requirement that executive members subject themselves to questions by the scrutiny committee on a regular basis. [E4 and E5] There did not appear to be problems with attracting elected members to serve on the Scrutiny Committee [E8b]. There was also an enthusiasm to utilise new powers providing for extension of oversight to decisions taken by other bodies in areas such as police and health [E7] and to request information from partners [E8] suggesting that both the Chairman and the officer were keen to ensure a high degree of Democratic Anchorage between decision takers and scrutiny processes. It suggests that the Council as a whole takes the Community Leadership role seriously and it also reflects the concerns of the Leader to close the Democratic Deficit. This willingness may however be thwarted by an over reliance upon goodwill (Theme L) and a lack of



scrutiny resources (Theme M) which suggest that although the will is there, the ability to deliver may in the medium to long term be in question.

### **Theme L – Scrutiny Goodwill**

The general direction of this joint interview underscored just how much scrutiny activity relied upon goodwill. This ranged from goodwill in client departments to provide technical information to compile scrutiny reports, [L4] to requesting attendance at scrutiny meetings from persons who could not be compelled to attend – the Scrutiny Chairman commented that *'I can't think of anybody saying I am not coming or anything like that.'* [L2] The regime under the 2000 Act can only compel attendance for cabinet members and paid officers of the authority. The Health & Social Care Act 2001 compelled attendance for health officials in relation to health functions whilst the Police and Justice Act 2006 did the same for community safety partnerships, enabling scrutiny of crime and disorder issues. There is however no statutory power to call upon private companies or community groups to appear, although there is sometimes a contract clause requiring co-operation in the case of companies performing outsourced services. Notwithstanding this, the case study authority reports good co-operation amongst outsourced companies and community groups who have always been willing to attend meetings when requested. [L5] Notwithstanding this there is a question as to whether it is satisfactory that such a vital function should be reliant upon goodwill alone.

There is a further question as to how well equipped local authorities are to carry out contract management functions in respect of outsourced contracts– this is echoed in the comments of the Chief Executive and demonstrated in much publicised debacles such as with the outsourcing of support functions at South West One (Somerset County Council, 2014) (see Chapter 3).

### **Theme M – Scrutiny Resources**

These comments indicate that the scrutiny function operates within tight resources. It is linked with Democratic Services and has the equivalent of 2.5 full time officers serving it. [M3] The authority has no set discretionary revenue budget for investigations. This confirms the view from the Centre For Public Scrutiny that such budgets even where they exist are low at between £5000-8000 annually. Although



requests to resource particular investigations have been met, [M3] there is clearly a question of whether this situation is satisfactory or whether it is another case of relying upon goodwill (see Theme L – Scrutiny Goodwill). Although both the Scrutiny Officer and the Scrutiny Chair thought the present system of scrutiny worked well and had to operate as such in the present tight financial climate, [M1] the Scrutiny Officer was clearly concerned for the position going forward unless resources were improved. Whilst indicating the service could be provided at present, the Scrutiny Officer was keen to clarify his optimism by saying ‘.... *I would have to be honest and say somebody in your position could ask me again, in a couple of years time, and the position may be different of course*’. [M4] Satisfaction was expressed with training for members and they appeared willing to engage in this, but the ability of members to engage in critical (if constructive) analysis may relate to the broader culture at work as well as the level of resources in play. It is difficult to disagree with the observation from the Scrutiny Officer that the system was set up on the basis of the Westminster select committee system but the resources devoted to the local operation are insignificant by comparison [M4A] suggesting the comparative effectiveness will be open to doubt until this situation is improved.

### 8.6. Ward Member Interview

This interview was one of the most interesting and revealing that was conducted.

The member had held a vast range of previous posts including Council Leader and is currently a cabinet member for Highways. The interview reflects themes from other interviews (notably the Chief Executive, Leader and Chair of the LSP) in setting out the vital importance of securing economic development and the need to develop skills and improve the transport infrastructure, working in partnership with others to secure this. Public Service Motivation also featured. What was most revealing however were discussions around the role of a ward member and two themes stand out and are considered below:-



### Theme N Representation

Comments from the ward member illustrate that the ward member is deeply rooted in the local community and feels that there is a clear benefit to living in the ward he represents -

*.....I'm probably quite parochial but I believe that the ward councillor should live in the ward that they represent\_- I have got to fellow ward councillors neither of them live in [the ward] - they live some way away. [N3]*

Furthermore, the member has had an involvement in a wide web of locally based groups from arts and theatre to sports and youth clubs. [N1 and N2 and N5 and N6] It is submitted that Council representation is seen as an extension of that and it is telling that the member started in the Parish Council [N1] which again underscores deep community links again evidenced by the fact he is a Governor of the local junior school. [N8] The references to the typical day in the life of a ward member [N10] illustrates how varied and time consuming the role actually is and how queries arise and are dealt with as a matter of routine.

### Theme O – Civic Pride

It is evident that the local member is proud of his local community and wishes to serve it to the best of his ability, stating - *'I was elected to look after the residents of [the ward] and that is my first priority.'* [05] There is deep local civic pride which serves as a motivation to represent the local community and do his best for them. [03 and 04] It was telling that this civic pride was devoid of party politics, the borough councillor attracted a high personal vote and all parties joined together to fight for the local area and demand more resources from Whitehall. [06]

## 8.7. Summary of Themes

It is clear that the Chief Executive and Leader have distinct roles, with the former occupying the statutory role as Head of the Paid Service<sup>162</sup> with responsibilities to advise and co-ordinate the activities of the Council, and the latter providing political leadership to deliver council priorities (Kjaer, 2013), the legitimacy of which having been endorsed through a political mandate. Nevertheless it is clear that successful



civic leadership requires both of these roles to work close together (Stocker & Thompson-Fawcett, 2014). The themes espoused by each are similar (notably Economic Growth, Joint Working and Reshaping Governance) as they both seek to drive the place shaping agenda and ensure that quality services are delivered. The ward member interviewed clearly has strong local community connections whilst the chair of the LSP espouses the benefits of joint working across boundaries. The Leader and Chief Executive support this by operating in a Boundary Spanner role (Daft, 1989, Williams, 2002, 2010). The Scrutiny function demonstrated an appetite to scrutinise decisions of the Executive and other bodies and this was supported by the leader with his reference to outside bodies suffering from a Democratic Deficit. Below is a summary of the themes (and categories) that have arisen from the case study. The analysis contains discussion of links between the themes. References to quotations already cited throughout the analysis are included to demonstrate how conclusions are grounded in the primary data collected.

### 8.7.1. Economic Growth

The Council stresses the overwhelming importance of seeking jobs and delivering economic growth, which is seen as the key to place shaping and to progressing several public policy agendas. [A12] This is evident from the comments of the Leader and the Chief Executive which both made clear that job creation was a key priority. [A1 (Leader) and A11 (Chief Executive)] It is interesting that the theme of Economic Growth drew 13 significant quotes from the Leader (10) and the Chief Executive (3) underscoring the fact that it is regarded as an important corporate priority - in fact the Chief Executive agreed that the creation of jobs was a *'top line'* issue. [A11/A12] This theme included important categories such as place shaping [A3 (Leader) and A13 (Chief Executive)] (for which economic growth is necessary), transport, [A6 to A9] skills [A4/A5] (which are a necessary pre-cursor to generate economic growth) and fiscal challenge [A2/A10] (which acts as a spur to encourage economic growth to boost the fiscal position of the authority by increasing revenues to fund public services). [A2]

### 8.7.2. Transport

The Leader made clear that the Council saw key transport proposals around HS2 as central to unlocking physical regeneration and economic development for the



borough [A8/A9] which was endorsed by the Ward Member<sup>163</sup> (in his other capacity as Portfolio holder for Highways and Transportation) and was also remarked upon by the Chair of the LSP<sup>164</sup> and supports the contention that transport infrastructure investment can provide a valuable boost to driving economic growth (Volterra Partners, 2014).

### 8.7.3. Skills

The Leader stressed the importance of developing and expanding the skills base of the local economy so as to be able to provide an attractive offer to local and new employers wishing to relocate, [A4] which meant seeking to establish stronger links with the education sector, the importance of which has been well documented (Clarke & Williams, 2014). [A5] The question of skills is particularly important, as local economies increasingly compete to attract and retain graduates and skilled workers (Clayton, 2015), thereby offering the opportunity to maximise Gross Value Added (GVA) (BBC, 2014). This is crucial given the trend of the national labour market shows increasing bifurcation, with middle level jobs disappearing through technological change, leaving an increasing gap between well paid, professional, mobile jobs at the top and unskilled, service level, low paid jobs at the bottom (Clayton, Williams & Howell, 2014). Local authorities are keen to generate sustainable and well paid employment and prevent the hollowing out of local populations which has occurred in some areas with potentially damaging fiscal consequences.<sup>165</sup> The importance of securing well paid jobs was emphasised by the Chief Executive. [A12] Research has indicated that one fifth of jobs nationally require no more than a level of primary school attainment (Mayfield, Cridland & O'Grady, 2014). These jobs are typically low paid, low skilled and do not offer the potential to boost GVA, to improve the fiscal position of the local authority or to place shape, hence the vital part that developing skills plays in generating economic growth so as to obtain '*the social dividend*' benefit for other policy priorities that the Chief Executive refers to. [A12]

Reference to the '*social dividend*' underlines how linked the public policy agenda is. The Chair of the LSP put it well when she reminded me that before people can get a job they must be kept out of trouble. [B17] This underlined not only the linked nature of



the public policy agenda,<sup>166</sup> but also the importance of joint working through partnerships to successfully design and implement it. [A5]

### 8.7.4. Joint Working

The theme of Joint Working was cited over 20 times by the Leader (8) the Chief Executive (4) and the Chair of the Local Strategic Partnership (10). This covered categories such as Dementia (showing the importance of joint working to accomplish results in cross cutting policy areas), [B3, B4, B7 and B8] Joined Up Services (stressing the potential to co-design services and the importance of joint working to achieve that), [B11/B12] Community Leadership (underscoring the leadership role of the council in leading local networks) [B9] and Fiscal Challenge (making the point that joint working can bring economies of scale and avoid duplication in times of economic austerity). [B10 and B16-B21.]

### 8.7.5. Strands of Governance: Place Shaping & Service Delivery

Overall both Place Shaping and service delivery are both seen as important and the Chief Executive was clear that service delivery was seen as *'the day job'* [A13] but the longer term leadership work concerned place shaping and economic growth, to which the Chief Executive spent the majority of his time. [A13] It is likely that Place Shaping and Service Delivery can be identified as two distinct streams of governance, in explaining what governance looks like from a practitioner point of view.

### 8.7.6. Quality Services

The Chief Executive adopted a pragmatic tone when commenting on outsourcing, making clear that it was the quality of service that mattered [c8] rather than the mode of its provision and this position was endorsed by the leader [C1 and C2] which perhaps suggests that the ideological character that accompanied the introduction of outsourcing at a national level has now subsided (Wassenaar, 2013, Giddens, 1998, 2000). The Quality Service theme was cited on a dozen occasions by both the Leader and Chief Executive covering categories such as (outsourced) Refuse Collection, [c3] Adult Care, [c4] Road Repairs [c6] and (in house) Housing Repairs [c7] indicating the range of services which are either outsourced or provided in house



and extended to other authorities, demonstrating a pragmatism [C8] and a concern to provide a quality service [C1 and C9] regardless of the mode of provision.

### 8.7.7. Leadership

The Chief Executive was keen to stress that his key role was leadership (as opposed to management - although on occasions he is called upon to do the latter) [H1 and J4] and the importance of leaders being visible and authentic, maintaining that there is in essence no difference between the public and private persona on leadership matters. [H1/H2]

### 8.7.8. Motivation

This leadership is underpinned by a strong sense of public service motivation (Perry & Wise, 1990) which was raised a theme by the Chief Executive. [G5] Categories reveal that serving as Chief Executive (and earlier as DCS) was considered a privilege [G5, G6 and G10.] and such was the nature of this privilege, that on occasion it warranted financial sacrifice. [G8] The privilege was underscored by the opportunity at some level to address what was seen as injustice. [G9] A similar sense of motivation was picked up by the Leader when he aimed to *'deliver something that makes peoples life a bit better every day'*. [G2] Taken collectively it suggests that wider ethical drivers such as the chance to improve peoples' lives and tackle injustice add an ethical dimension to the public service motivation.

### 8.7.9. Accountability of Chief Executive

It is perhaps fair to speculate that this public service motivation at least partly explains why the Chief Executive was keen to accept responsibility and saw himself as a servant of the Council and accountable for the provision of services and expenditure of public monies regardless of whether services were provided directly or on an outsourced basis. [C12]

### 8.7.10. Reshaping Governance

The theme around the Reshaping Governance debate was cited 10 times by both the Leader and the Chief Executive. [D1-D9] It is perhaps fair to say that the call for



more freedoms, flexibilities and control over revenue/funding streams is important in ensuring that the potential to deliver the Place Shaping agenda is maximised.<sup>167</sup>

### **8.7.11. Strands of Governance: Community Representation**

The discussion with the Ward Member made clear that his elected office was rooted in deep community ties, expressed through long involvement in community groups concerned with sports and drama as well as the Parish Council. [N1/N2]

Representation as a theme was cited on 9 significant occasions with categories covering local groups, [N1, N2, N6, N7 and N8] the importance of living in the ward [N3] and ensuring accessibility to residents [N4/N5] together with workload [N9] (which appears equivalent to a full time job). It seems reasonable to speculate that this Community Representation constitutes a third strand of governance as seen at the level of an elected member. There are relations with what may be regarded as the other two strands of governance - Place Shaping and Service Delivery. Yes the ward member is keen to ensure that these matters are attended to, but the community aspect to representation is rooted in links with the Parish Council and a web of local (social, cultural and sporting) groups, suggesting that community representation at the grass roots is a crucial aspect of governance worthy of mention in and of itself.

### **8.7.12. Accountability of Officers & Professional Partnerships**

On the question of accountability, it would appear that officers are still accountable through traditional bureaucratic channels (Romzeck & Dubnick 1987), hence the references to delegation by the Chief Executive. [J1/J2.] Informal professional partnership arrangements such as the Local Strategic Partnership tend to work through lateral accountability [K4] which is rooted in professionals entering into commitments with each other to deliver certain objectives (Scott, 2006, Mashaw, 2006).

### **8.7.13. Scrutiny: Overview/Policy Review**

In terms of Scrutiny there is a clear desire to drive the overview/policy review aspect. The Overview Scrutiny theme was cited 9 times within the case study and has categories such as Digital Strategy [F3] and Housing Allocation, [F6/F7] confirming the attention the Overview role attaches to developing cross cutting policy areas - which



is underlined by the further category – Area Focus [F8/F9] - in which there is dedicated focus to improve social and economic conditions in an area of multiple deprivation.

### **8.7.14. Scrutiny: Appetite to Scrutinise**

Notwithstanding the corporate importance of overview/policy formation work, confirmed in the comments of the Leader [F2] there was a clear appetite to scrutinise by securing a high degree of Democratic Anchorage (Sorensen & Torfing, 2005) through member control, as demonstrated by the fact the theme of Appetite to Scrutinise was cited 9 times with significant categories such as holding the Executive to Account [E4/E5] and Other Bodies. [E7/E8] This perhaps provides grounds for optimism in that there appears to be a willingness by members and officers to extend and engage with the Scrutiny role, even if other themes such as Goodwill (cited 6 times) [L1-L6] and Scrutiny Resources [M1-M4] (cited 4 times with categories of Member Skills, [M2] Fiscal Challenge, [M4] Staff & Budget [M3] ) demonstrate that there may be practical limits to what the Scrutiny function can achieve at present unless reformed.

### **8.7.15. Governance Strands**

It would seem from Case Study 1 that to the practitioners surveyed, Governance appeared in three distinct strands - (1) Place Shaping (with successful delivery being heavily reliant upon economic growth, joint working and reshaping governance). (2) Service Delivery (with the focus on providing quality services - often through joint working - regardless of mode of provision and with an acknowledgement of the need to improve in certain areas such as contract management) and (3) Community Representation (with a commitment by elected members to represent their community at the grass roots level, which may have party politics as a motivator and context setter but is driven by the broader desire to serve the community). These governance strands appeared to be interlinked, for instance community representation could often be focused upon service delivery such as refuse collection - but the strands are distinct nevertheless.

### **8.7.16. Governance & Complexity**

Complex governance may arise in part due to the fact that service delivery is in part outsourced and is largely delivered through joint working/partnership arrangements.



### 8.7.17. Scrutiny

The key to accountability appears to be around ensuring the successful operation of the scrutiny function which requires a keen appetite to scrutinise supported by a strong scrutiny culture<sup>168</sup> and a willingness to for central government to contemplate reform in areas such as statutory powers to compel attendance of witnesses, so as to provide statutory back up in the event that on the odd occasion goodwill is not forthcoming. [L1-L6] Attention should be given to providing more certainty and probably more resources to fund particular investigations, to save the need to make one off requests for internal funding, even if the latter have always been successful to date. [M3]

## 8.8. Conclusion

In summary, it is clear that the corporate focus is upon driving economic growth [A1-A13] to secure jobs, [A11/A12] not only because this is so central to place shaping, [A1 & A13] but also because it delivers a social dividend [A12] by way of a positive spin off for other policy agendas such as health and wellbeing and crime and disorder. [B17] Corporate civic leadership is grappling with the challenges of delivering quality services [C1-C12] in the short term whilst seeking to place shape in the long term [A1 & A13] against an environment which is characterised by financial uncertainty, [B10] declining resources, [A2 and B20/B21] multiple stakeholders, conflicting demands and the need to impact upon complex cross cutting policy agendas for instance on Dementia [B3-B8] whilst delivering social care or on Digital Strategy [F3] whilst driving economic growth. This governance activity is primarily held to account through the formal statutory scrutiny mechanism established under section 21 Local Government Act 2000. Council officers however remain accountable through traditional organisation line management structures [J1/J2] and lateral (informal professional) accountability plays a part in professional partnerships. [K2-K4] Contract management remains of critical importance in dealing with services which are outsourced, although the ability of local authorities to adequately discharge this role is open to doubt. [C12]



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(References [XX] refer to quotations which can be found in Annex 8 & 9 tables)

### 9.1. Introduction

This chapter sets out the analysis of a series of face to face interviews conducted for Case Study 2 (set out in Annex 9A to 9D). Interviews were conducted at the Council offices with the Chief Executive, Council Leader (who also commented on ward member issues) the Head of Democratic and Partnership Services and the Senior Scrutiny Officer. These interviews were analysed and are set out by role in order to provide a coherent picture in respect of each role carried out. The table in Annex 9 sets out the themes and categories that attach to each role. The chapter concludes with an overall thematic analysis of the case study authority which is grounded in the primary data that has been collected. Whilst not having an overtly comparative focus, comment is made during the analysis on points of similarity between this case and the experience in Case Study 1. The themes and categories have been allowed to emerge from analysis of the data. Some themes such as Economic Growth, Joint Working and Reshaping Governance (together with Quality Services) also arose in Case Study 1, but others such as Interlinked Public Policy, Ad-hoc Scrutiny and the centrality of Politics are new categories.

This Case Study authority is located within West Yorkshire. It is one of the 36 metropolitan borough councils that was established under the Local Government Act 1972 and it assumed unitary status with the abolition of the West Yorkshire County Council under the Local Government Act 1985. The borough is Conservative controlled but political power is a pretty even balance and the Council had been under Labour control until recently. The borough has a population of just over 200,000 (the same as the authority in Case Study 1). The borough consists of seven towns, with the main town acting as the administrative centre and covering just under half of the total population of the borough. The borough is located within the West Yorkshire conurbation and serves as a commuter area primarily for Leeds and Bradford, but to a lesser extent Manchester although this is constrained by congested road and outdated rail connections. The borough was home to the heavy woollen industry and now has an economy centred upon retail banking (with one large bank located there), manufacturing, the service sector and light engineering. The borough has architectural assets which are unique of both regional and national importance within its boundaries which has helped to drive a growing interest in



tourism. The Council has worked hard with partners to develop the tourist offer and to drive regeneration in towns in a way which is sympathetic to the unique industrial heritage which the borough possesses. The borough has immense civic pride and a brief discussion on the main street with a resident on any of the seven towns is likely to result in a justified outpouring of pride for the area they call home.

### 9.2. Chief Executive Interview

#### Theme A - Economic Growth

The Chief Executive was insistent on the importance of the Place Shaping Agenda<sup>169</sup> making clear when asked to comment on the Place Shaping model that *‘I think that’s the most important – local authorities need to be relevant, and have to have impact; otherwise, why are they there, really?’* [A14] In the long term, the Place Shaping agenda can only be successfully delivered if there is sustainable economic growth or at least the potential for it to arise. Laying the foundations for this requires an integrated transport network with high levels of connectivity [A16] (Volterra, 2014, Centre For Cities, 2014B), a skilled population to meet the demands of local (and new) employers and a functioning housing market with a variety of house types, in an environment where quality public services are provided. This produces a virtuous circle and explains why economic growth and the jobs it provides are of critical importance to the Chief Executive – it is in this context that she comments that

*.....[with reference to the importance of economic growth]. I think [there is] lots of evidence that if you’re in work, it’s better than not being in work; less poverty, but also, generally, more emotional wellbeing; children generally have less mental health issues. [A15]*

The positive impact on related policy agendas around poverty, worklessness and health, indicates that there is what Sir Howard Bernstein referred to as a *‘social dividend’*<sup>170</sup> arising from sustainable economic growth, which would tend to depress long term dependency and associated welfare spending in the long term, as recognised by the RSA City Growth Commission (O’Neill, 2014). This links into agendas such as the Total Place initiative and the use of community budgets



alongside governance reforms such as the introduction of combined authorities (see Section 4.9 of this thesis) as attempts are made to encourage and support strategic infrastructure investment at a regional level that are considered to be the necessary precursors to driving sustainable economic growth to enable place shaping in local areas. The Chief Executive confirmed that the majority of her time was spent on economic development matters. [A17] This was the same for the Chief Executive in Case Study 1 and can clearly be explained by the critical importance that economic growth/place shaping has not only for social and economic wellbeing of the area but for the long term social dividend it offers in terms of reducing dependency and welfare costs. This explains why economic development is now typically required in the skill set of Chief Executives [A18] and also why local authorities are so keen generally to advance the case for freedoms, funding and flexibilities in the Reshaping Governance debate (see Theme D – Reshaping Governance).

### **Theme P - Interlinked Public Policy**

This theme underscores how elements of the modern public policy agenda are of a connected nature. This was raised by the Chief Executive and clearly links in with Theme A (Economic Growth) so is worth considering at this stage. The generation of economic growth as we have seen above, is dependent on various aspects of policy being devised and delivered together (transport, education/skills, digital infrastructure, appropriate housing). The Chief Executive speculated however that what links these issues is that they are all designed to improve the quality of life for residents and communities. [P3] However the interlinked nature of public policy is further complicated because each area can have its own particular governance arrangements. For instance, respondents (see Theme A – Economic Growth) made constant reference to transport infrastructure and the need to electrify the local rail line. That however means engaging with Network Rail and a host of other bodies to resolve the issue.<sup>171</sup> This is further complicated when there is a desire to ensure public transport is integrated which demands further involvement with numerous private bus companies. This supports the contention that the public policy agenda is interlinked and the governance structures underlying it are complex. The Chief Executive was clear that there were management benefits arising from joined up service delivery and there were opportunities to deliver services in a holistic way and



comprehensive way. I think it is also about saying, “Actually, it’s those [linkages] and synergies, [whatever] linkages and synergies – if you’re delivering waste management and you’re delivering adult social care, then you can link up asking bin-men to keep an eye out for people who look vulnerable and feed straight back.” [P4]

### Theme B – Joint Working

This interview underscores the point that partnership working is essential to delivering a complex public policy agenda and that part of the role of the Chief Executive is to hold the ring in that process and to ensure that the authority is represented where it needs to be stating,

*.....I suppose part of my role is making sure the council is present and at the table of the places it needs to be present and at the table of, and that we are getting the best out of any partnership working, so: are we talking to the right people? Are we in partnership with the right organisations, and is that working? [B23]*

(This has clear links to Theme H – Leadership). The reference to ‘porous boundaries’ [B24] evidences how a local authority is but one player in the local community, and as such, underlines the basic proposition of network theory (Marsh & Rhodes, 1992) which maintains that local authorities operate as just one player in a wider environment (Prior, 1996), even though for various reasons (notably resources and the community leadership role) often considered the most important. (Sullivan et al, 2006) The fact that the Chief Executive is concerned with commissioning and facilitating the delivery of services rather than direct provision links with Theme C on Quality Service.

The disadvantages to partnership working may be evident from the observation that Health & Wellbeing Boards<sup>172</sup> being used by NHS England to bypass the Leader and Chief Executive [B26] and this underlines the point that the mandate for the provision of health services does not arise from local politics [B25] and perhaps this can only be partially remedied by the Scrutiny function calling health decision makers to account (see Theme E on Appetite to Scrutinise).



The Combined Authority (see section 4.9 of this thesis) is a form of structured partnership, but the Chief Executive indicates that local members reluctant to cede local planning powers to the Combined Authority [B28] and this confirms what was said on the issue in Case Study 1. It shall be noted that the position on this is different in Greater Manchester (see section 4.12) but this reflects the fact that there is a long history of partnership working in those authorities that perhaps does not exist in other places.

### Theme H - Leadership

The Chief Executive indicated that leadership was exercised on a system basis, claiming that

*....I suppose it's a bit of a glib summary, but it's partly systems leadership. I think you have to have the skill to operate in a complex environment, so I think that's partly the skill to understand you can't be in charge of everything, so it can't be leadership through command and control, and it can't necessarily even be leadership through getting easy ownership of a decision. A lot of it is trying to lead across the system, which means you need to be able to influence; you need to be able to negotiate; you need to be able to woo people [H8] .*

This underlines the network nature of governance (Marsh & Rhodes, 1992) which requires system leadership – with the Chief Executive having to exercise leadership/influence over the community rather than just the Council [H10] . It therefore gives support to the Boundary Spanner thesis in that the Chief Executive (and indeed the Council as a corporate body) is a player in a number of different systems (Daft, 1989, Williams, 2002, 2010). Also worthy of note is the need to for soft skills around communication which is needed to inspire and create a vision, keep focused on impact rather than process and it is submitted that the impact means delivery in political terms through delivering the complex public policy agenda aimed at improving quality of life for residents and communities. [H9]



### Theme C – Quality Service

It was suggested that Outsourcing has driven improvements through challenge, [C13] particularly in areas like social care and the challenge is to keep developing these markets developing further. [C13] Although the approach is largely pragmatic, governed by questions of service delivery, political ideology is not totally absent. [C14] It was acknowledged that local authorities face challenges around contract management (see also Case Study 1) but it was made clear that the issue is as much about quality, as it is delivering to a contract specification [C15] , particularly in successfully delivering care services, the key to which often centres upon quality/relationship management. [C15]

### Theme G - Motivation

The primary motivations behind discharging the Chief Executive role centres upon keeping busy, the chance to do different tasks, [G13] the challenges of problem solving [G12] whilst making a socially valuable contribution – she indicated that whilst *‘I’ve never worked in the private sector – I think I do like being in something that I feel is a socially valuable job in that sense.’* [G11] It is also interesting that part of the attraction is that activities are *‘broad and shallow’* [G13] and this is considered to be the case the higher up the management chain you go and is becoming more the case as restructuring adds functions to old departmental structures. [G14]

### Theme E – Appetite to Scrutinise

It was noted in Case Study 1 that politicians had an appetite to scrutinise outside bodies and were keen to extend democratic oversight to them. [E2 and E3] This appetite also extends to this authority (see the analysis of the Scrutiny Interview later in this Chapter). The Chief Executive is candid as to why this may be the case, stating

*I think members get frustrated with organisations that are not democratically accountable, but have a significant impact on place, because the politicians get blamed for it all, so if they can’t have any control over it. [E10]*



There is therefore an issue about members considering themselves as taking political praise or more likely blame for decisions that they are not in control of. It is telling that although health decisions can be subject to scrutiny under the Health & Social Care Act 2001 that decisions made on hospital restructuring (see Scrutiny Interview) are made with no local political involvement at all. [E11] That suggests that governance needs to be looked at (and again links with Total Place agenda and community budgets) as well as just scrutiny. The fact that members feel responsible for how the local area is shaped [E12] suggests they wish to influence local decisions and that they have to live with the consequences of these decisions for a long time – in stark contrast to global companies which take decisions about localities and are not held accountable for them (Hambleton & Howard, 2013, Stiglitz, 2002, 2006).

### 9.3. Council Leader Interview

#### Theme Q - Politics is Central

The interview as a whole demonstrates that politics is a central driving force, both in terms of motivation particularly in standing for election five times [Q1 and Q2] and in setting the overall narrative for formulating policy preferences/responses. [Q3] At one level this is perhaps to be expected – but it is worth underscoring because it confirms the extent to which public policy springs from and owes legitimacy to the operation of elective politics (Kettl, 2014). The link to party politics is demonstrated through advocacy of the austerity agenda with the consequent acceptance of the need for public sector restraint. These themes clearly reflect national Conservative Party rhetoric. This is underscored by the priority that the leader attached to the need to set a balanced budget [Q5] (which is also a legal requirement) and the optimism that many financial savings could be and have in the past been achieved by cutting back office costs [Q6] thereby minimising impact on front line services, which the leader maintained was a position that was the subject of cross party political consensus. [Q7] In fact although party politics is a clear motivator much of the motivation springs also from the desire to serve the local community. [Q3] It would be wrong to see the advocacy of a party political agenda as negative in any sense – on the contrary the clear impression is that there was a deep rooted belief that this agenda would best serve the local community. There is no reason to suppose that this does not apply to other politicians and council leaders of other political colours as well. There appears



to be political consensus on many local issues [Q8] and a willingness to work across party lines such as with a Labour Government in the interests of the borough when it was necessary to ensure that the largest employer in the borough remained in the main town. [Q9]

### **Theme A - Economic Growth**

Overall, this interview indicates that economic growth that facilitates delivery of the Place Shaping Agenda (which may be regarded as a combination of sustainable economic development through physical regeneration and the exploitation of social capital) is considered to be of vital importance and it underscores the comments from the Chief Executive, that the key point of leadership is to have impact which means ensuring from both a political and executive point of view this vital agenda is delivered in so far as it is possible. It is clear that the place shaping agenda requires economic growth to drive development. This proposition is clearly supported by the findings of City Growth Commission (O'Neill, 2014). This means there is a drive to attract inward investment [A24] which in part means having an availability of suitable sites to attract business [A25] along with the need for the Council to have well developed business support services (see section 4.2.2 of this thesis) in an attempt to maintain the presence of key employers [A26] and seek to diversify that economic base further. The ability to do this depends in part, not only on long term planning and successful delivery of education [A27] but crucially the development of technical skills (including IT skills) [A28] in a labour market which has the hallmark of bifurcation (Clayton, Williams & Howell, 2014) and encouraging take up of apprenticeships amongst young people. [A20] The vehicle for delivering this is seen as the Local Economic Partnership [A29] and it clearly links with the debates around the operation of the Combined Authority<sup>173</sup> (see section 4 of this thesis) and devolution of powers to commission skills training that is appropriate for the local area (Stannard, 2015).<sup>174</sup>

This interview confirms the difficulties in attempting to attract businesses to locate in an area where the transport infrastructure is considered poor [A21] This explains just why improving transport facilities is such a priority and it confirms the importance attached to this issue by the Head of Democratic and Partnership Services and the Chief Executive in this regard. Of particular note is the desire to secure the electrification of the local rail line [A22 and A30] and to improve connectivity across the



north generally which is necessary to secure long term economic development [A31] which is an essential precursor to successful place shaping. The Leader also made clear his commitment to the long term development of transport infrastructure projects of HS2 and HS3 [A32] and the desire to link the borough with these developments so as to improve connectivity throughout the North of England. In so doing these comments support the analysis of the One North report together with initiatives from the Deputy Prime Minister and Chancellor of the Exchequer with his reference to developing the Northern Powerhouse (One North, 2014 Northern Futures, 2014, Osborne, 2014A 2014B).

The economic development side of the place shaping agenda is supported by the need to develop and boost the tourist offer [A33] which in part requires exploitation of the area's natural heritage, as well as the provision of public realm and efficient delivery of services such as refuse collection so as to deliver vibrant and aesthetically pleasing town centres across the borough. [A34]

The Leader was clear that it was vital to have long term vision for the area and to invest in key cross cutting programmes (such as public health) to bring benefits over the long term. An example was given of building two swimming pools using the sale of proceeds from a sale of the share of the local airport in 2008. It is submitted that this shows the importance of Public Health to the long term delivery of the place shaping agenda and supports the comments of the Head of Democratic and Partnership Services in this regard. It also underlines the analysis of the City Growth Commission in advocating how important it is to control/reduce long term costs of welfare to enable proceeds of economic growth to be used to best effect (O'Neill, 2014). This place shaping is seen as being achieved by working in partnership particularly with the LEP [A29] and the Health & Wellbeing Board (see section 4 of this thesis) as well as the Combined Authority (see section 4.9 of this thesis) and as such supports the position of the Chief Executive and is similar to the position found in Case Study 1.



## 9.4. Head of Democratic and Partnership Services Interview

### Theme R - Care Services.

The Head of Democratic & Partnership Services made reference to a recent OFSTED Inspection on Safeguarding Children Services which was rated as inadequate. [R2] A re-inspection is imminent and optimism is expressed that strong corporate leadership is now in place. Various national issues such as difficulties around staff recruitment and retention for social work staff and the problems of morale [R4 and R5] also figure in thinking, particularly in light of recent challenges around child sexual exploitation and safeguarding issues in Rotherham (Jay, 2014, Carey, 2015. Wiggins, 2015, Paine, 2015) and Birmingham and the difficulties around filling the top DCS post. [R6] These challenges are compounded by the challenges from the Barnet Graph of Doom [R7] (Brindle, 2012) suggesting increased demand and reduced resources from an ageing population. The chief mechanism for delivering these services is through outsourcing/partnership working.

### Theme S - Public Health.

The Health & Social Care Act 2012 heralded a transfer of public health functions to Local Government, with governance principally by way of the Health & Wellbeing Board established under that Act (see section 4.6 of this thesis). In many ways this returned Local Government to its historic roots when it dealt with public health functions prior to 1974. This involves attention to cross cutting areas such as teenage smoking and obesity, which often require joined up thinking with health and social services, long term investment and an innovative approach to policy thinking. Hence the need to embed this into local authority functions (such as provision of school transport and cycle routes) [S2] thereby addressing long term health issues [S3] so that public health issues are seen as corporate, offering the chance in the long term of making a positive contribution to economic growth and to diminishing long term costs of dependency as set out in the City Growth Commission Report (O'Neill, 2014) thereby assisting in the long term delivery of the Place Shaping agenda.



### **Theme D – Reshaping Governance.**

Mention has been made elsewhere of the West Yorkshire Combined Authority (see section 4.9 and Annex 4B of this thesis). The Head of Democratic and Partnership Services was heavily involved in the introduction of it [D10 and D11] and is clearly enthusiastic on the potential that it has for dealing with issues around strategic planning, infrastructure and transport which are considered essential to securing regeneration in the borough, stating that

*I think that the way in which the combined authorities will work, is that they will take on a greater regional responsibility for the regional planning that needs to take place. I am talking not just about planning issues themselves, but about transport infrastructure. [D13]*

Transport and in particular the electrification of the local trans-pennine rail line is thought to be central to unlocking economic regeneration [D23 and D24] although there is a clear need to complement this with suitable business sites, [D19] a skilled workforce and appropriate housing provision [D15] It is noted that elected members may be reluctant to cede powers to the Combined Authority on local planning issues [D25 and D26] which underscores the comments of the Chief Executive [B28] and also similar to Case Study 1. The debate around the Combined Authority gives rise to a wider question as to the purpose of local government and whether it offers some sort of opportunity to co-design services in such a way (Blond, 2014) that does not make local authorities the point of first resort. [D27-D30]

## **9.5. Scrutiny Officer Interview**

### **Theme F – Overview Role of Scrutiny**

The Scrutiny Structure operated under section 21 of the Local Government Act 2000 has five Scrutiny Panels.<sup>175</sup> Overview and policy work is seen as priority with key cross cutting policy work being carried out in areas such as Dementia, [F11] Economic Regeneration and Children's Services. [F10] This confirms the findings from Case Study 1 and is likely to be due in part to the fact overview and scrutiny are linked in legislation, the fact that back bench members wish to add value through policy work



and that the structure of the Scrutiny function is often linked to wider policy work being organised as part of Democratic Services.<sup>176</sup>

### Theme T - Ad Hoc Scrutiny

The proposal to remove A&E from the new local hospital (which was paid for by PFI) and to concentrate facilities in the neighbouring borough is obviously a political hot potato. [T1] The Council chose to set up of an ad hoc non statutory '*Peoples Commission*' consisting of an academic chair and six council members, [T2 and T3] which took evidence from local people and interested bodies with a view to devising a recommendation which will probably be reported back to full Council. There has been voluntary co-operation from various bodies including the CCG, [T4] the Acute Trust [T5] and the Ambulance Service. [T6] It is a novel approach which has increased participation in the debate by going around the borough and although this has been subject to criticism for operating outside the specific scrutiny powers (although still lawful), co-operation has been voluntary and the Council could still have recourse to formal powers if it proved necessary. This theme also links in with Theme E (Appetite to Scrutinise) because it shows a willingness not only to scrutinise the hospital reorganisation issue but to develop different methods of scrutiny to enhance public participation in the process.

### Theme L – Scrutiny Goodwill

There is a proposal to take evidence from three adult social care providers [L16] – there is an expectation of full co-operation [L7-L16] although they cannot be compelled unless there is contractual provision. There is a hope at some stage to take evidence from a large retail bank – the largest employer in the borough [L17-L20] and although they cannot be compelled it is unlikely they would refuse. In any event this employer is in touch with the Chief Executive because of the impact this employer has in the local economy. [A19] The observation that co-operation is widespread is similar to Case Study 1 but raises the question as to whether the issue is too important to be left to chance and whether statutory powers need to be extended at least for back up purposes.



### **Theme U – Scrutiny Agenda**

There is the issue as to who actually sets the working agenda for the Scrutiny Function. In particular the challenge is to ensure that there is distance between chief officers, the area under scrutiny and the scrutiny function. The Scrutiny Officer related at length an incident in which a previous Chief Executive exerted influence and sought (unsuccessfully as it turned out) to prevent the Scrutiny function conducting a policy review. [U1 – U5] This also raises the question of just how dependent the scrutiny function is on information provided by client departments and whether there is the ability, willingness or resources to challenge that. This links to issues of scrutiny resources (Theme M) and scrutiny culture (Theme V).

### **Theme M – Scrutiny Resources**

The unit has 3 FTE staff. The budget for discretionary spending is around £8k per annum [M5] this is consistent with previous studies (Centre For Public Scrutiny, 2014B). This budget is used to cover the cost of external advice such as was required to understand the Medium Term Financial Strategy. [M6] Notably it is not all spent and this may link to cultural issues (below). It is contended adequate resourcing is vital to the success of the scrutiny function and it links to the cultural challenges (see Theme V – Scrutiny Culture).

### **Theme V – Scrutiny Culture.**

There is a question about whether scrutiny committees take too much on trust - whether from officers in reports (Centre For Public Scrutiny, 2014A) or witnesses [M5] (Francis, 2013). This is linked to the need for members to be effective scrutineers? [V2] In order to do this they need to have quality independent support and access to information, as well as training to be able to almost cross examine witnesses that come before them. Even when a report is produced there is a question as to the impact that it has - both in terms of overview and policy recommendations and scrutiny of decisions taken or about to be taken prior to call in mechanism being activated. [V3 and V4] These are cultural issues and it is contended that successful scrutiny needs a culture that places it at the heart of ethical corporate governance and this is the responsibility of executive and political leaderships as well as the Monitoring Officer.<sup>177</sup>



## 9.6. Summary of Themes

Set out below is a summary of the themes raised within the case and there is reference where appropriate to links between the themes. References to quotations already cited throughout the analysis are included to demonstrate how conclusions are grounded in the primary data collected.

### 9.6.1. Economic Growth & Place Shaping

Economic growth (which was cited as a theme 18 times by both the Leader (12) and Chief Executive (6)) is crucial because it delivers employment which is the cornerstone of everything else in terms of social and economic wellbeing. This is why the Chief Executive stressed commitment to it [A15] and spends the majority of her time on these issues. [A17] Economic growth provides the opportunity to Place Shape, which is vital because it is here that the council can maximise impact both in terms of physical regeneration and by improving opportunities for local people. [A14]

### 9.6.2. Interlinked Public Policy

Delivering economic growth requires engagement with an interlinked public policy agenda and it is interesting that this theme was raised with and explicitly confirmed by the Chief Executive. [P1] Its importance is revealed in categories such as Quality of Life which is considered to link policy areas (such as transport, skills, digital infrastructure, housing, and care services) and synergy which offers management benefits from delivering services in a joined up way. [P4 and P5] The importance of these interlinked policy areas is underlined by the fact that virtually all respondents placed an emphasis on the strategic importance of transport, as a driver for economic growth. As has been noted above, economic growth is crucial for place shaping the borough [A16 (Chief Executive) A21-A23 (Council Leader) D23 and D24 (Head of Democratic and Partnership Services)] and partly explains why the leader was keen to stress the importance of apprenticeships for young people and the need to develop the skills base of the local economy. [A20] The importance of these two areas (transport and skills) support the optimism of the Head of Democratic Services regarding the strategic role of the new Combined Authority [D13] which is set to have an active role in these two vital areas, even if there is a reluctance to grant specific powers in the area of spatial planning. [B28 (Chief Executive) D25 and D26 (Head of Democratic



and Partnership Services)] In fact the Reshaping Governance is the single most significantly cited theme in the case study being cited 20 times in the dialogue with the Head of Democratic Services. [D10-D31]

### 9.6.3. Reshaping Governance, Joint Working & Leadership

The Reshaping Governance debate shows the importance of Joint Working which was cited 6 significant times by the Chief Executive (with categories such as '*presence*' [B23] and '*porous boundaries*' [B24] and it is considered essential to accomplish interlinked broad policy goals. [B23] The fact that the Chief Executive is keen to facilitate joint working by ensuring the Council has a '*presence*' and works across '*porous boundaries*' underlines that the Council is at the centre of a network of organisations involved in local governance. [B24] The importance of this can be seen perhaps no more clearly than in the ambition to embed Public Health across the functions of the Council [S1 to S3.] which necessitates close working with the health service. It is also seen on the controversial issue of hospital reorganisation, in which the Council has been deeply involved. [T1] This feeds into the narrative set out by the Chief Executive, that leadership is exercised on a systems (networked) basis. [H10]

### 9.6.4. Quality Services

There is a strong desire to ensure that service delivery has a hallmark of quality (and the theme of Quality Service generated categories such as pragmatism, [C14] challenge [C13] and quality [C15] ) regardless of the identity of the provider. The categories suggest the challenge of the market improves services [C13] and that a pragmatic approach is taken on the question of outsourcing [C14] provided that the resulting service was of sufficient quality. [C15]

### 9.6.5. Care Services

Nowhere more was this drive for quality evident than in the provision of care services, in a context where the Council was hoping to leave OFSTED intervention in respect of its children services [R2] and exercise stronger oversight over the provision of providers of adult social care. [L16]



### **9.6.6. Politics is Central**

The context for all this activity are acute fiscal pressures in respect of which the Council Leader is keen to make efficiencies, protect front line services and set a balanced budget. [Q5] This indicates the vital role that politics plays both in terms of setting the context and the motivation. Political beliefs [Q3] drove the leader to stand for election on several occasions [Q1 and Q2] and the motivation behind that would appear to be a combination of public service and civic pride, with party political affiliation providing important context. [Q3]

### **9.6.7. Scrutiny: Appetite to Scrutinise**

Elected members and the Scrutiny function confirm that there is an appetite to scrutinise executive decisions [E9 to E11] and extend the remit to other areas such as health. The Chief Executive observed that one reason for this would seem to be that members fear taking political blame for decisions being taken which are outside of their control. [E11] This fear partly inspired the Scrutiny function to work closely with the Council at a corporate level to establish the Peoples Commission as an adhoc solution to examine hospital reorganisation and do so in such a way that maximises the potential for public participation in the policy debate. [T1 to T3] Overall, there appears to be widespread voluntary co-operation with Scrutiny [L7 to L20] the question remains on a wider level as to whether statutory powers that force reliance upon voluntary co-operation are adequate and resources sufficient [M5] to discharge the tasks of vital constitutional importance that are entrusted to it.

### **9.6.8. Scrutiny: Agenda Setting**

Optimism can perhaps also be expressed at the way the Scrutiny function was determined to ensure that the agenda/programme of work was protected from undue interference from officers [U1 to U5] and in fact this is probably a prime practical example of public servants protecting the Public Service values that Dwight Waldo (Waldo, 1948, 1955) referred to and regarded as of central importance in a democratic society.



## 9.7. Conclusion

The political and executive leadership in Case Study 2 (as in Case Study 1) worked together to deliver economic growth and drive prosperity through exercising community leadership and influence across the wider ‘networked’ system. [H8 and H10] The fact that the theme of Reshaping Governance was the single most popular theme within the case study, highlights the importance attached to regional infrastructure planning, designed to facilitate local economic growth. [D10-D31 (Case Study 2) and D1-D9 (Case Study 1)] Both authorities were keen to provide quality services regardless of mode of provision. [C13-C15 (Case Study 2) and C1-C12 (Case Study 1)] It was however clear that the delivery of care services were of prime importance in Case Study 2, given the recent history of OFSTED intervention in Children’s Services. [R1-R4] New themes also emerged from the data in Case Study 2 – notably the Interlinked [nature of the] Policy Agenda [P1-5] (which almost certainly has broader relevance) and the emergent theme of Public Health [S1-S3] as the debate raged about the long term social and economic benefits that could arise from embedding these functions into the wider policy agenda and the means through which this could be done. ‘Politics is Central’ emerged as a new theme as the overt partisan nature of political leadership quite legitimately emerged as an issue. [Q1-Q9] Ad hoc scrutiny was a further theme, symbolising an innovative solution to scrutinising the highly contentious issue of hospital restructuring. [T1-T7] Although the appetite to scrutinise executive decisions and outside bodies appeared to be as strong in Case Study 2 as it was in Case Study 1, it emerged that the reason for this may be that politicians perhaps fear taking political blame over issues which they are unable to control - again this is likely to have broader relevance beyond Case Study 2. [E10]

Case Study 2 showed that participants tended to think of Governance in three strands (Place Shaping, [A14-A17, A20-A23 (Economic Growth Theme), B23/B24, (Joint Working Theme) D10-D31 (Reshaping Governance Theme)] Service Delivery [C15] and Community Representation [Q3] ) and so this insight seemed to travel strongly from Case Study 1. Economic growth continued to be of overwhelming importance in Case Study 2 also [A14-A17, A20-A23 (Economic Growth Theme)] but here there were also specific challenges with the delivery of care services [R1-R5] and the integration of public health [S1] which also emerged as a theme. Case Study 2 was perhaps more explicit



about the complexities of the policy agenda, [P1-P5] the indication that corporate leadership was exercised on a systems basis, [H8 and H10] the fact that the Chief Executive was motivated by the variety of tasks [G13] and the notion that politics (often though not always of a partisan nature) set the tone for everything from budget setting [Q4 and Q5] to internal accountability<sup>178</sup> as well as acting as a crucial motivator for elected members. [Q3] In the meantime, there was a determined effort by officers delivering the statutory scrutiny function to defend the constitutional integrity of that process in the face of historic opposition from above. [U1 to U5] In fact this offered a living example of bureaucrats responding to the clarion call from Waldo (Waldo, 1948) that they need to be prepared to offer a robust defence of democratic values, should they be placed under threat. There was also a willingness to experiment and employ ad hoc innovative solutions in an attempt to expand public participation and dialogue in the scrutiny of a particularly contentious issue. [T1 to T6]

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# Chapter 10 - Conclusion

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## 10.1. Introduction & Overview

This concluding chapter returns to the aims of the thesis and indicates how they have been met, before presenting the main empirical findings (on governance and scrutiny) and consequent speculations (on complexity of governance, leadership/motivation, management and outsourcing). The contributions of the thesis to knowledge and professional practice are outlined before concluding with thoughts on the current challenges facing governance and accountability, before considering how the local government landscape may be reshaped as a consequence.

Overall, this research has identified three distinct strands of governance - Place Shaping, Service Provision and Community Representation. Accountability has focused upon the scrutiny mechanism and elected members have shown a strong appetite to scrutinise executive decisions, although there is a clear question as to whether they are provided with the toolkit (in terms of statutory powers, operating culture and resources) to do so effectively.

This chapter contains a commentary on the future challenges for Governance, with the chief contention being that the present system is broken because it is too centralised and this centralisation has had adverse economic consequences. The system lacks the middle level strategic governance capacity that is needed to successfully plan and deliver regional infrastructure. Institutional reforms such as Combined Authorities need to provide sufficient autonomy and funding (Ritchie, 2014) to allow local areas to properly address supply side economic issues whilst reshaping the public service offer in a way that is characterised by joined up services, co-commissioning and pooled budgets, so as to enable forward planning and minimise duplication and waste.

The challenges for Accountability will be to maintain an effective scrutiny function, by providing elected members with the toolkit needed in terms of providing a positive operating culture, adequate funding and statutory powers, whilst looking to expand popular participation by exploring models of Deliberative Democracy. In the longer term this will need to redefine the nature of citizenship to a more active model.



## 10.2. Aims of the Thesis

1. To better understand what governance looks like from a local government practitioner point of view. (This thesis concludes that there are three strands of Governance – Place Shaping, Service Provision and Community Representation set out in Figure 5 below).
2. To consider how modern governance is scrutinised and held accountable. (This thesis concludes that the primary method is through operation of the statutory scrutiny committee system. There is an appetite amongst elected members to scrutinise decisions but there is a question over whether they have the toolkit in terms of operating culture, statutory powers and funding).
3. To offer compelling explanations for why governance may be complex and to speculate upon (in light of the primary data) associated issues of leadership/motivation and management, as well as making observations on outsourcing if appropriate. (This thesis suggests six reasons why governance has become complex and offers speculation on the other issues set out herein).

## 10.3. Empirical Findings

Case Study 1 showed that Economic Growth (16.77%), Joint Working (28.38%) and Reshaping Governance (11.61%) as the dominant themes. Together these accounted for 56.76% of coded responses (see Figure 2 below). Case Study 2 showed that Economic Growth (25.2%), Joint Working (25.2%) and Reshaping Governance (7.2%%) as the dominant themes. Together these accounted for 57.6% of coded responses (see Figure 3 below). As a whole these three themes were cited more than any others (see Figure 4 below). It shall be seen that these feed into the '*Place Shaping*' strand of governance (see Figure 5 below).

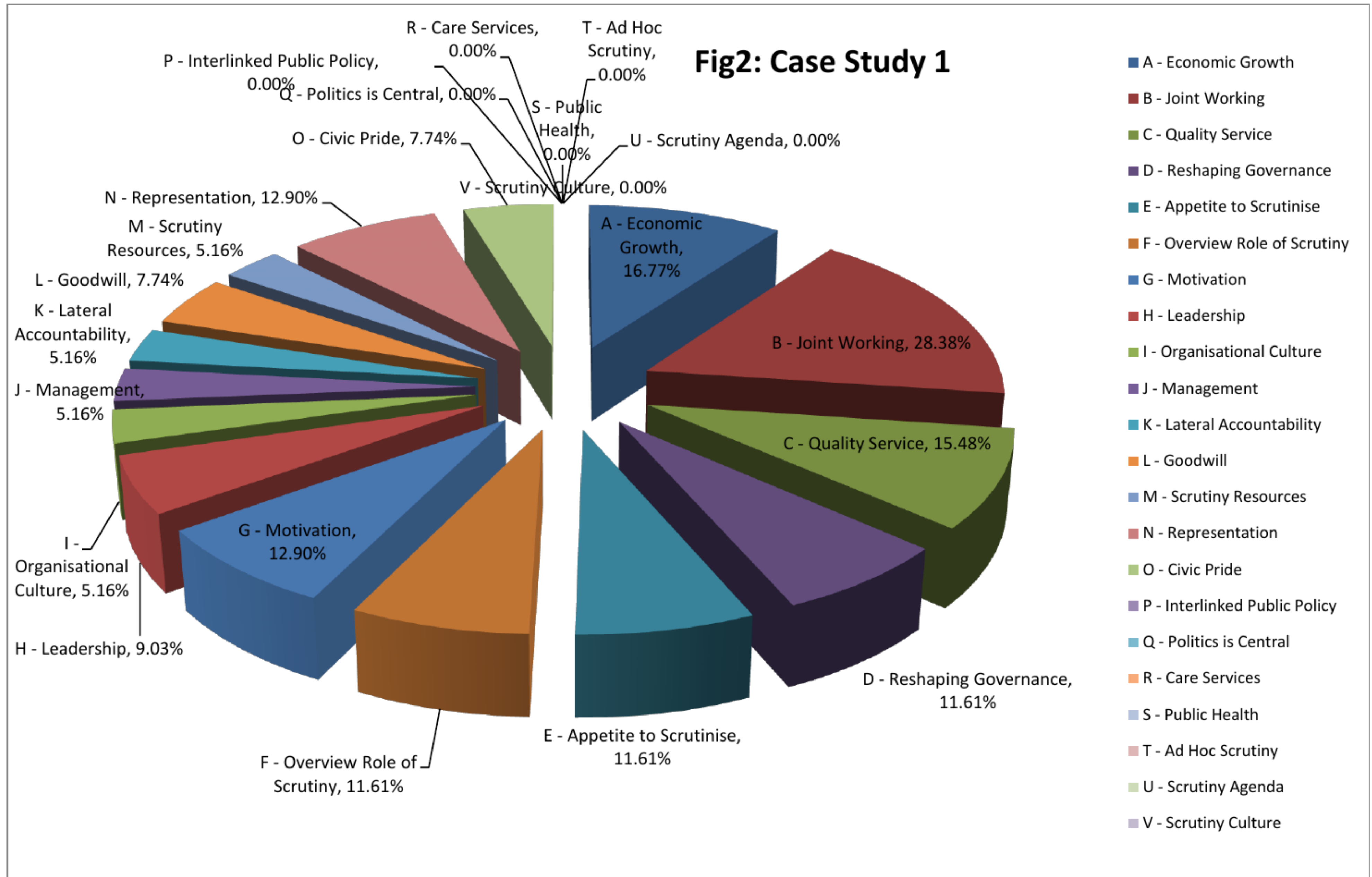
Case Study 1 confirmed that Economic Growth, Joint Working (supported by City Council CEX Interview and LGA Interview, Annex 10), Reshaping Governance (supported by LGA Interview Annex 10), Quality Services (supported by LGA Interview Annex 10) and an appetite for scrutiny (supported by Centre For Public Scrutiny Interview Annex 10) were the key themes. These were carried forward into



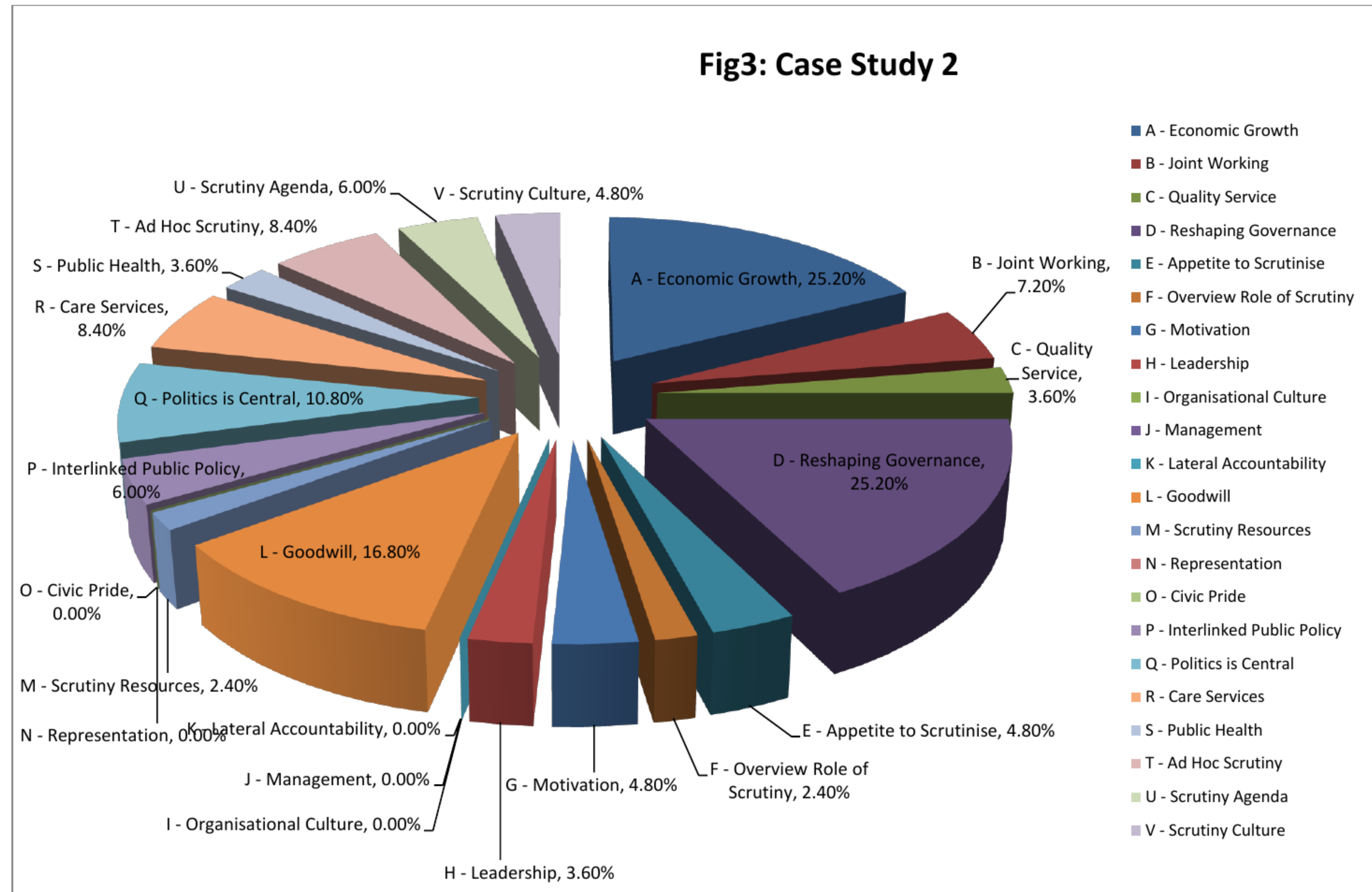
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Case Study 2. The latter developed new themes such as Interlinked Public Policy, Politics is Central and Ad hoc scrutiny.

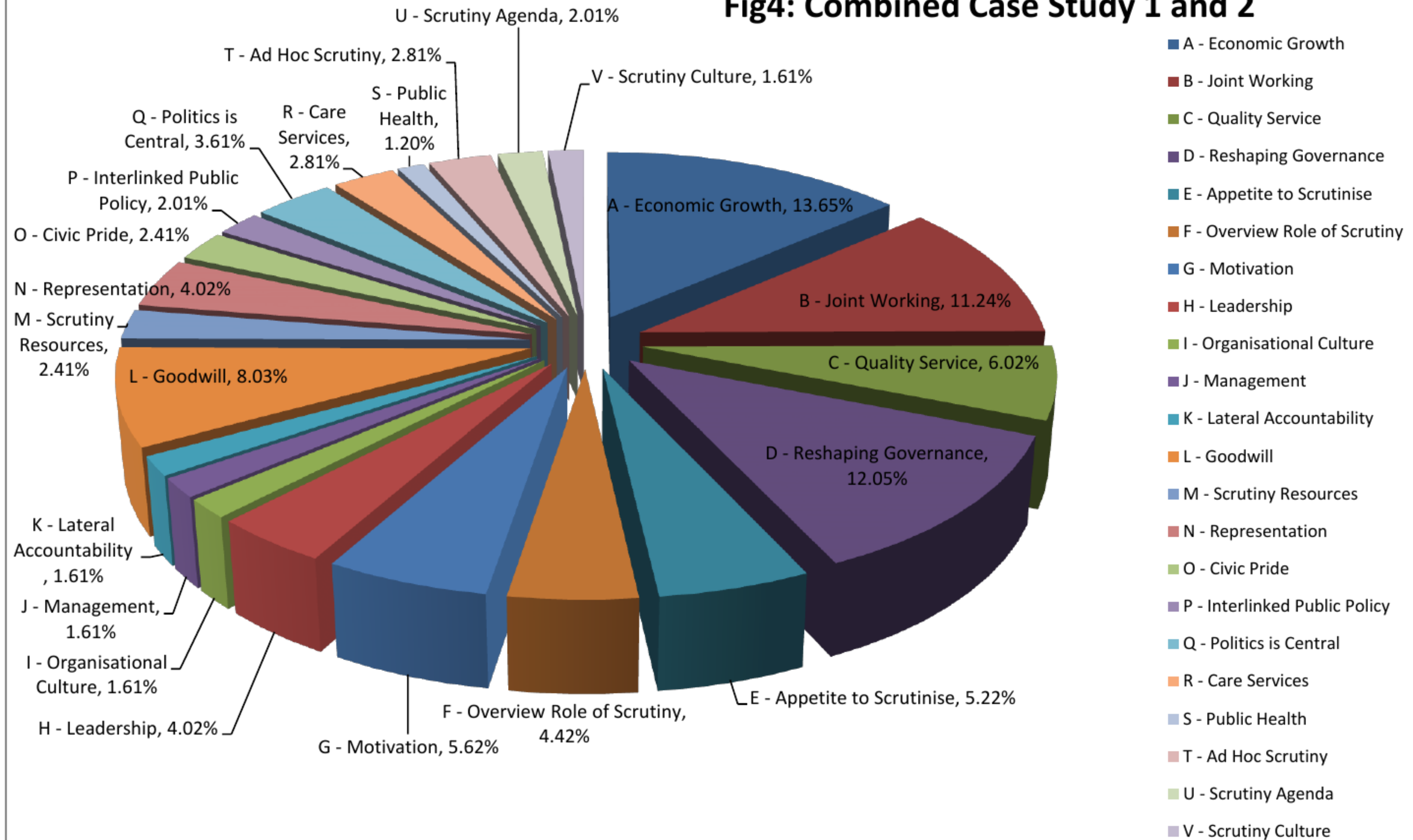
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**Fig4: Combined Case Study 1 and 2**



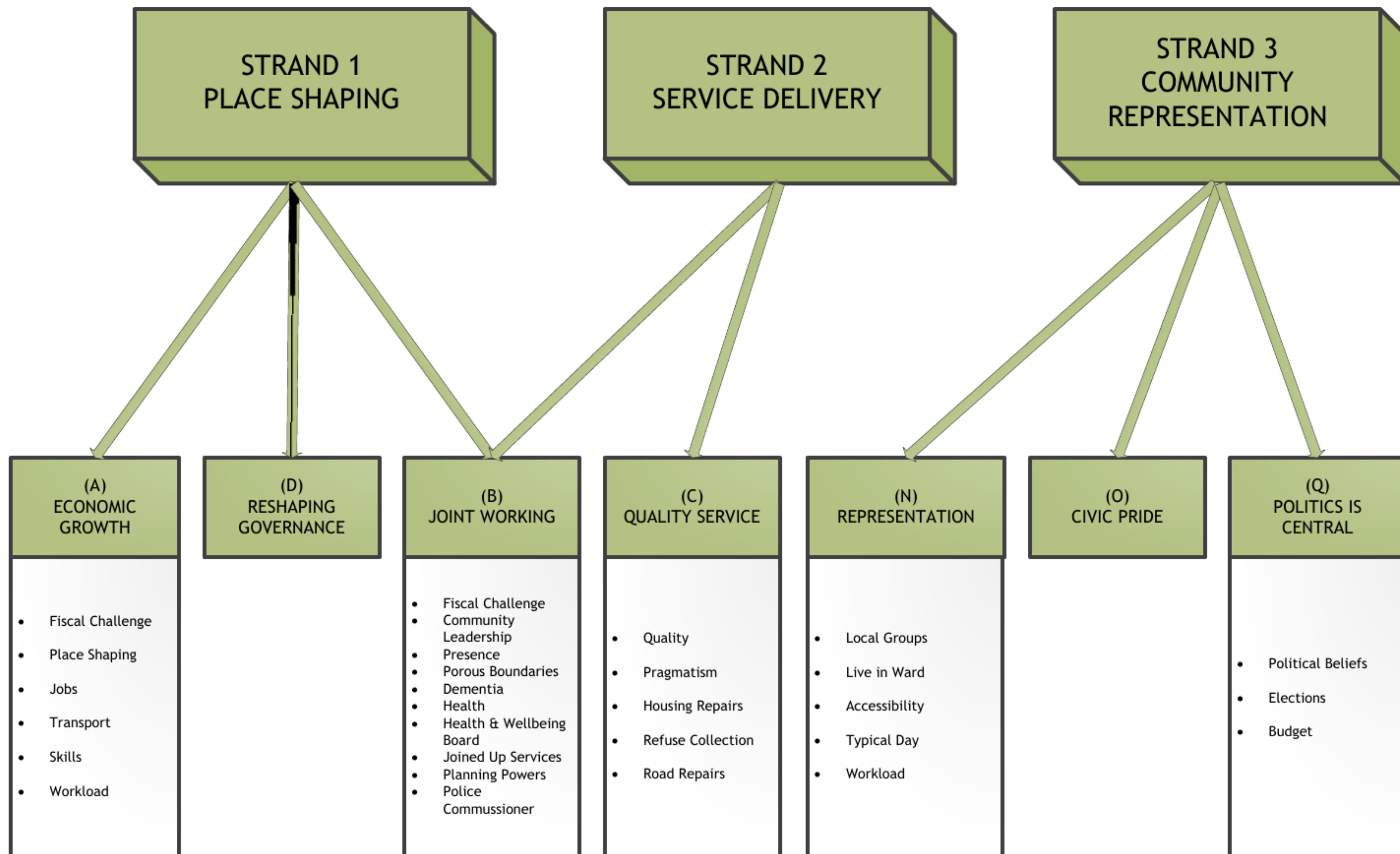


### 10.3.1. Three Strands of Governance

Aim 1 of this thesis sought to better understand what governance looked like from a practitioner point of view. It would appear that from the point of view of local government practitioners who participated in this research, that Governance in practice, has three distinct strands to it – place shaping, service delivery and community representation. This is set out in Figure 5 overleaf. Place Shaping is a combination of physical regeneration and the building of social capital amongst the local community to enable the development of skills to attract inward investment and grow the economy. Economic growth is a pre-requisite of successful place shaping and the latter is also dependent upon joint working and reshaping present governance arrangements which struggle to work well. Service Delivery is also dependent upon economic growth but is delivered through partnership working with an increasing emphasis on quality of service rather than mode of provision. These two strands of Governance are discussed in more detail in the section 10.6

‘Challenges for Governance’ below. Community Representation is driven by the role of elected members in representing their communities. The research showed that local members are often embedded deep within their communities, often being involved in a wide range of local bodies such as theatre, sports groups, schools and churches. This involvement appeared to be evident in parish councils (see Parish Council Interviews Annex 10) as well as the two case studies. The work of a local member is varied and is often equivalent to a full time job (Interview with Ward Member, Case Study 1). Although party politics was the original motivation for elected members, it was clear that this was more an expression of civic pride, as members genuinely believed that their political ideology would improve wellbeing of the communities in which they were deeply involved. This was evidenced by the fact that much work is done on a consensus basis (Ward Member Interview, Case Study 1 and Leader Interview in both Case Studies 1 and 2) and they were almost always prepared to join together across party divides to seek more funding from Whitehall for their local area.

**Fig5: THREE STRANDS OF GOVERNANCE**





### 10.3.2. Accountability & Scrutiny of Complex Governance

Aim 2 of the thesis sought to consider how modern governance is scrutinised and held accountable. As may be expected the research confirms that officers remain accountable through traditional Weberian bureaucratic command/control structures [J1/J2] in addition to other accountabilities such as legal (Romzek & Dubnick, 1987). What was more surprising perhaps was that partnership arrangements such as the Local Strategic Partnership embodied an informal accountability that operated on a lateral level between professional partners (Mashaw, 2006). This was based on trust, an acknowledgment of shared goals and a broad commitment to make progress towards them by agreed deadlines. [K1-K4]

Notwithstanding the above, it is clear that any reference to accountability within local government must focus upon the operation of the scrutiny function operated under the Local Government Act 2000. There is simply no other 'game' in town [D31]<sup>179</sup> and no appetite for any other scrutiny structures or for further elected tiers of local government.<sup>180</sup> This is evidenced by the fact that the Combined Authorities established joint scrutiny pools as part of the governance arrangements comprised of members from constituent authorities.<sup>181</sup>

In so far as Democratic Anchorage is possible, it is contended it is only obtainable through the Scrutiny function. What was clear from both case study authorities was the extent to which the scrutiny function and elected members within it demonstrate a clear appetite to scrutinise and willingness to extend and strengthen their remit to improve Democratic Anchorage (Sorensen & Torfing, 2005, Sorensen, 2006) by involving elected members in the scrutiny process, [E1-E12] so as to reduce any Democratic Deficit. [E2/E3] This willingness appears to be because members seem to fear taking political blame for decisions [E10] that they have no control over (e.g. the hospital reorganisation issue in Case Study 2 [T1]). It is contended that strong Democratic Anchorage can only be achieved in practical terms by extending and deepening the Scrutiny function. This raises three key issues, which are central to the success of such a project - namely culture, powers and funding. Together, it is contended that they provide a toolkit, which is an essential pre-requisite to ensuring the successful operation of the scrutiny function.



### 10.3.2.1. Scrutiny Culture

The Centre for Public Scrutiny were clear about the need for a strong culture of accountability (Centre for Public Scrutiny Interview - See Annex 10). At the most basic level this demands that the function must be taken seriously and have impact. The Scrutiny Officer for Case Study 2 referred to another authority where reports were noted, but not taken notice of. [v3] This raises a cultural issue which is arguably crucial to the success of for scrutiny function, namely for it to be placed centre stage within the corporate governance structure of the local authority, perhaps driven by the Monitoring Officer but with the support of senior officers including the Chief Executive and the s151 officer together with member support and being willing to take advice from bodies such as The Centre for Public Scrutiny. The latter (see Interview Annex 10) made reference to members taking too much information on trust (Centre for Public Scrutiny, 2014) and this was clearly the case in the Mid Staffs hospital crisis (Francis, 2013) and in the Rotherham CSE scandal (Jay, 2014, Carey, 2015, Wiggins, 2015, Paine, 2015). In order to combat this it is suggested members must have the interest, ability and willingness to be effective and quasi independent scrutineers. Both case study authorities were keen to recruit members to scrutiny who showed an interest in particular areas. [E8b and v4] Ability may be an issue for training and both case study authorities engaged in regular training. Case Study 1 expressed satisfaction with the training in place. [M2] On the willingness issue Case Study 1 noted that there was no problem attracting members to serve on Scrutiny, which could be in part due to there being a loss of executive opportunities (Fenwick & Elcock, 2004). It is arguably a difficult role - because they are clearly part of the council but are expected to stand apart from it when conducting scrutiny business. Other cultural issues include the ability for members to set the agenda free of pressure from officers or client departments under scrutiny. [u1-u5] The ability for members to have access to alternative information is also important (see the MTFS scrutiny issue in Case Study 2). [M6] It is clear that in both case study authorities the overview/policy function was in the long term considered of primary importance, although both also accepted scrutiny of executive decisions was also crucial. The fact that Overview is linked to scrutiny in legislation<sup>182</sup> may in itself suggest a national political culture which has (when exacerbated by tight financial settlements) led to scrutiny of the executive being considered (possibly even subconsciously) as less



important<sup>183</sup> - particularly when members understandably wish to get involved in policy matters (Ashworth & Snape, 2004).

### 10.3.2.2. Scrutiny Powers

It is worth recalling that statutory powers for Overview and Scrutiny Committees are essentially limited to being able to summon elected members of the Cabinet and paid officials from the authority, with powers to call for scrutiny in some areas of health and crime. When dealing with shared services, private companies on outsourced contracts and community groups there are no statutory powers<sup>184</sup> to compel them to attend or co-operate. Now both case study authorities reported that they always had full co-operation from any person or group that they had called (save for fixing dates etc) [L1-L20].<sup>185</sup> Nevertheless there is a question over whether it is acceptable to leave such an important issue (as being able to compel the calling of witnesses and provision of information) to be dealt with on a purely voluntary basis. If members have an appetite to scrutinise and extend Democratic Anchorage, then subject to the resource issue below there seems no good reason why future legislation on Local Government should not make provision for statutory powers in this regard. The two case study authorities reported no problem in being able to call to account companies providing outsourced services (save for their acknowledged lack of capacity historically as a sector for dealing adequately with contract management issues), but there is evidence that this happy situation is not replicated elsewhere. Concern has been expressed about the position at Barnet LBC. Mention has been made in this thesis about the failure of this authority to maintain a senior in house corporate legal adviser and the implications of that (Lloyd-Jones, 2014) but concern has been expressed that outsourcing at Barnet LBC is so widespread that the local connection is almost lost completely. Staff deal with functions located many hundreds of miles away with no knowledge of the local circumstances. Consider the situation whereby Barnet LBC has functions provided from various locations – internal payroll (Belfast), school administration (Carlisle), benefits queries (Blackburn), pension queries (Darlington), libraries (Coventry), parking notices (Croydon) and registration of births, deaths and marriages (Brent). It is expected that Northampton CC<sup>186</sup> is to look to follow the lead set by Barnet LBC with a declaration it would outsource 95% of its work and maintain just a skeleton staff. (Chakraborty, 2014). It is submitted that in this instance that the case for extending statutory



powers to reduce the reliance upon goodwill when holding these companies/bodies to account becomes even more important.

### **10.3.2.3. Scrutiny Funding**

Both case study authorities made the point that resources were problematic, although both were equally committed to doing their best to work with what they had. The bulk of the resources were consumed with staffing [M1-M6]. Case Study 1 had two officers whilst Case Study 2 had three - both authorities were similar size. The Centre for Public Scrutiny reported that the average annual discretionary budget for investigations was just £5-8000 (Centre For Public Scrutiny, 2014) (and see Annex 10 for interview with the Centre for Public Scrutiny). The authority in Case Study 1 had no discretionary budget to fund particular investigations and although no request for specific funding had been rejected thus far, there was concern going forward that the budget settlement for 2016 may cause difficulties. Case Study 2 had a budget of £8000 but it did not appear to be fully utilised [M5]. Quite apart from the very low figures involved, there is a serious question about how this system is resourced. Several participants (Scrutiny Officer Case Study 1, Chief Executive Case Study 2) observed that the system was modelled on the parliamentary select committee system (Copus, 2004), but there is a clear disparity of resources allocated to each. Given ever tighter financial settlements for local government causing pressure on front line services <sup>187</sup> there is a clear need to ensure that this area is protected as part of the constitutional fabric of local authorities. This may mean the introduction of a ring fenced budget for scrutiny investigations at the very least.

### **10.3.3. Prospects for Reform: Northern Ireland**

As indicated earlier in Chapter 1, one area where this thesis is likely to be of particular practical relevance is in Northern Ireland. These issues of ensuring a scrutiny friendly culture, extending the remit of statutory powers to compel co-operation and ensuring adequate or at least guaranteed funding for scrutiny investigations are likely to feature in future rounds of reform in the province, where the Review of Public Administration (Knox & Carmichael, 2006) has reduced local authorities from 26 to 11 with effect from April 2015 (see NILGA Interview Annex 10). Unlike their counterparts in GB, they will still have comparatively very limited powers



– being restricted to car park management, economic development, community development and planning. At the moment all authorities operate under the old committee system under the Local Government (NI) Act 2014. Key public service functions such as provision of schools, libraries (Education and Library Boards), roads (Road Service) and housing (Housing Executive) remain centralised at a regional level in Stormont (see NILGA Interview, Annex 10). The new '*super councils*' as they are locally known, will be likely to seek further powers in the longer term, as there seems no logical reason with political stability now taking hold across the province, that there should be such a divergence in competences between local authorities in Northern Ireland and their counterparts in GB. Any such reform is likely to mean a shift to the executive/scrutiny option, for which the 2014 Act makes provision. In this event, it is likely that the analysis and recommendations within this thesis shall be highly relevant to future local government administrative reform in the province.

## 10.4. Speculations

### 10.4.1. Explaining Complex Governance

Part of Aim 3 of this thesis sought to offer compelling explanations for why governance may be complex. It is contended that Governance is complex for six reasons, the first three broadly arise from the literature, the second three arise from practice:-

1. Layered reform through successive rounds of structural administrative change leads to increasing complexity (Christensen & Lagreid, 2010). These reforms can alter the number of public bodies in the environment, the structure of public bodies and the relationships between them. Examples abound from the structure of the rail industry (see Figure 6 below)<sup>188</sup> - which is relevant when formulating/implementing transport policy<sup>189</sup> to the creation of new governance bodies such as LEP's and Combined Authorities which are grafted on to existing local authority structures (John, 2014).
2. Incremental policy making (Lindblom, 1959, 1979) and the inheritance of public policy and contractual obligations (Rose & Davies, 1994, Leiren, 2015) such as the PFI deal for the hospital in Case Study 2 [T1 (and Chapter 9 generally).] also in part explain complexity and suggest why the scope for significant policy change is limited.
3. The growth of dependency relationships (La Porte, 1975) was cited as a problem with the social democratic settlement. The basic proposition being that the more that the state does, the more people/bodies it relies upon - the more chances it may go wrong. But whether it goes wrong or not it puts further links in the chain and increases complexity. The New Right prescription to deal with the overload problem saw a programme of privatisation/marketisation which manifested itself in the state at both central and local levels being hollowed out (Rhodes, 1994) through a pincer movement of outsourcing on the one hand and partnership working on the other.
4. Outsourcing by definition increases dependency relationships,<sup>190</sup> but these are governed by strict legal and contractual frameworks which in themselves can be



technical and slow to operate<sup>191</sup> thereby increasing complexity (see '*Observations on Outsourcing*' below).

5. Partnership working such as through the LEP or the Health & Wellbeing Board [B1] increases dependency relationships because it relies upon outside bodies from businesses (in the case of the LEP) or GP practices (in the case of the Health & Wellbeing Board) to deliver public policy results, but nevertheless both case studies confirmed that it is clearly crucial to building the social capital and capacity that is necessary to deliver a comprehensive modern public policy agenda whether it be in terms of place shaping or service delivery.

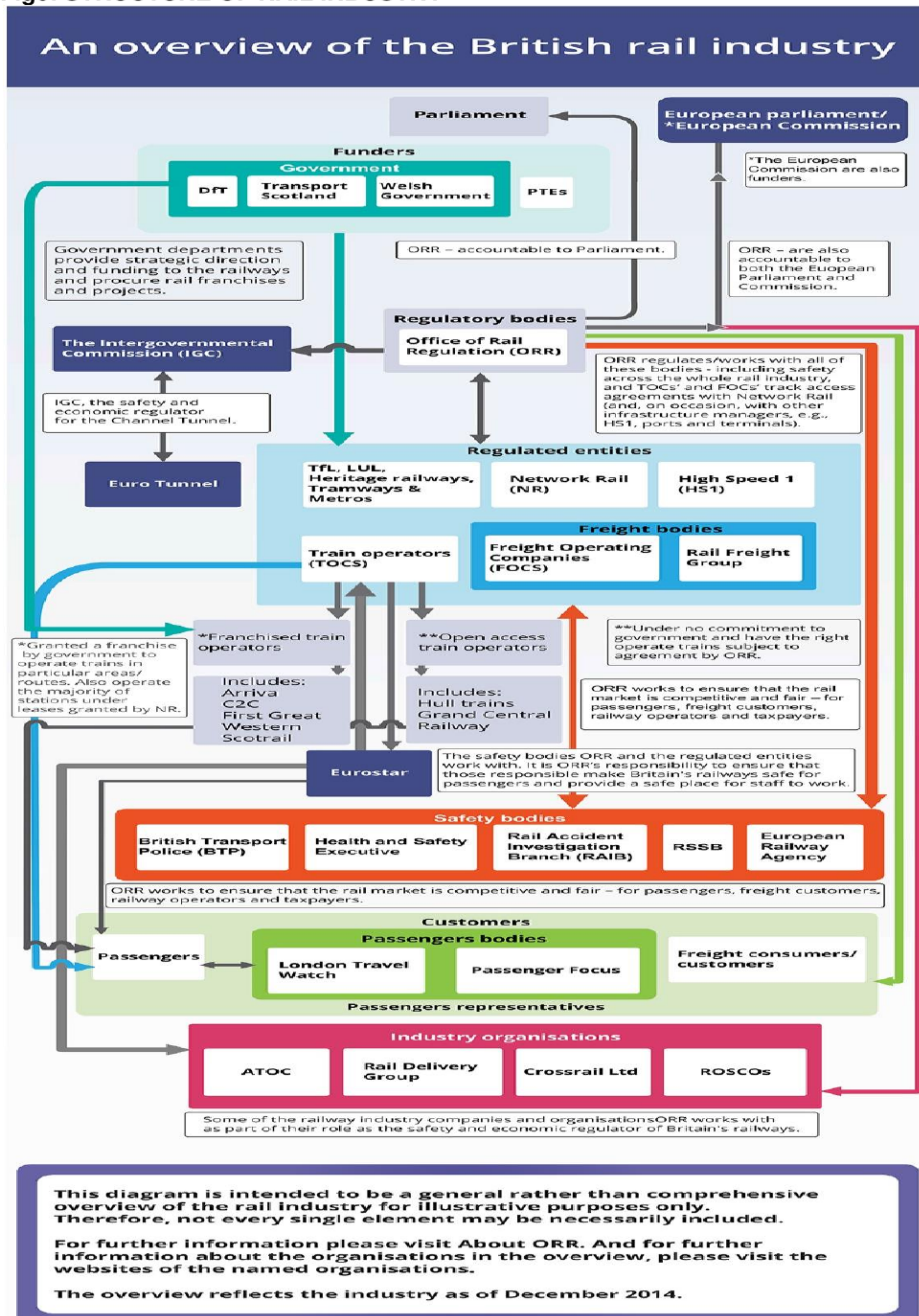
6. Complex and Interlinked Public Policy Agenda - A local authority must be led on a corporate level so as to have impact [A14 (and Chapter 9 generally)] which means delivering across the public policy agenda. This agenda is complex for two reasons. First, policy areas tend to be linked (and it is contended from Case Study 2 the themes linking policy areas such as transport, housing, skills and physical regeneration is typically quality of life) [P3] so that even work in a discrete policy area, turns out to be linked to others, which impacts upon the ability to successfully implement policy in the long term. Second, governance underlying these areas can be complex also for example in the areas of education (Waterman, 2014, Connolly, Farrell & James, 2014), housing (Robinson, 2003) and transport (Leirin, 2015). Both case studies made clear that job creation/economic growth was top priority. [A12/A13 and A16] In order to do this job creation involves dealing with land use planning, business incentives, education/skills, transport infrastructure and the provision of appropriate housing. Each one of these areas is likely to have a complex partnership based governance regime at local/national level surrounding it. Transport governance involves a host of bodies dealing with different transport modes, having different functions which makes integration difficult and increases complexity. The Department of Transport is in charge of strategic policy, the Highways Agency deals with trunk routes, the local highway authority deals with other road routes, ports operate under the port authorities dealing with freight, bus operators are private (although the new Combined Authorities include powers to regulate them). The railways have their own structure which is also highly fragmented.<sup>192</sup> Transport is just one (crucial) area of policy that needs to be successfully navigated to enable job

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creation (Clayton, 2012) - other areas such as skills and housing have different governance environments - but it all goes to make the point that complexity reigns.



Fig6: STRUCTURE OF RAIL INDUSTRY





### 10.4.2. Implications for Leadership and Motivation

Part of Aim 3 of this thesis sought to speculate upon issues of leadership and motivation, in light of the primary data collected. Leadership is considered to be all encompassing with no division between public and private realms on the basis that that leadership establishes an overall ethos and culture. [H1/H2] Furthermore corporate leadership (political/executive) operates on an overall systems (network) basis [H8/H10] (Wilson, 2015) which is to be expected as local authorities exercise community leadership across their area engaging with other systems e.g. health, transport, education as they seek to place shape and deliver the public policy agenda. To this extent the political and executive leaderships could be regarded as playing a Boundary Spanner role (Daft, 1989, Williams, 2002, 2010). All executive and political leaders exhibited to varying degrees strong Public Service Motivation [G5, G6 and G9 (Chief Executive Case Study 1), G3 (Leader, Case Study 1), O1-O6 (Ward Member, Case Study 1), G11 (Chief Executive Case Study 2) and Q3 (Leader, Case Study 2).] if taken in the classic sense to mean the wish to contribute in a positive way to society (Perry & Wise, 1990) and to be evidence of a belief in civic duty coupled with a strong interest in public policy and political matters (Perry, 1996) (see the interviews with the City Council Chief Executive, the Vice Chair and Clerk to the Parish Council – Annex 10). It is at least arguable that the basis of Servant Leadership (Greenleaf, 1991, 2003) is also evident amongst the Chief Executives interviewed as they saw their ambitions only realised through developing the capacity/potential of others, delivering corporate objectives. They were driven by the desire to address injustice and make a worthwhile social contribution to society.

### 10.4.3. Implications for Management

Whilst management was not the central focus of the interviews, and in fact some practitioners indicated to the researcher informally afterwards, that management in a business (as opposed to Public Administration) context had serious limitations as to its applicability in a local government environment,<sup>193</sup> part of Aim 3 of this thesis sought to speculate upon management issues if appropriate, but do so in the context of traditional Public Administration. In this context, perhaps three broad conclusions may be drawn:-



1. The focus is on steering and not rowing (Osborne & Gaebler, 1992) in terms of managing policy/implementation networks. This is perhaps to be expected given the move towards the enabling rather than direct provision model of service delivery [C1-C15 (Quality Service Theme)] and given the observations on systems leadership. [H8/H10]
2. The discussion with the Chair of the LSP (Case Study 1) confirms that partnerships tend to work because every partner obtains some benefit - usually progression towards a shared policy goal or joint corporate objectives (Marsh & Rhodes, 1992, Stoker, 1998).
3. There is benefit to having well developed management systems such as delegation, [J1/J2] performance indicators [J3] (Behn, 2003) to enable a strategic view to be taken and operational management to be supported as necessary. [J4]

### 10.4.4. Observations on Outsourcing

Part of Aim 3 of this thesis sought to make observations on outsourcing in light of the primary data collected.

1. Although the legal/policy regime for outsourcing was introduced as part of the New Right programme and done so at a particularly difficult point in local/central relations, it seems on the whole that Ideology has generally been stripped from the outsourcing issue (Wassenaar, Groot & Gradus, 2013, Giddens, 1998, 2000), although it can impact at the margins depending on local politics (Case Study 2). Decisions on outsourcing are being made on pragmatic grounds of cost (Williamson, 1975) and quality (Walsh, 1991).
2. Local Authorities need to improve Contract Management issues. This was highlighted by the South West One saga of a 3000 page contract for the outsourcing of support services which appeared to be so complex even the lawyers couldn't understand it (Somerset County Council, 2014) and the situation at Barnet LBC when the authority was left with no internal legal advisor at corporate level (Lloyd-Jones, 2014). The discussion with the Chief Executive in Case Study 1 [C12] and the Head of Democratic Services in Case Study 2 confirmed that this is a weak point for local authorities. The latter indicated that this issue was being specifically addressed



in hiring a contract manager to supervise a high profile £20m town centre regeneration project.<sup>194</sup>

3. Effective contract management may be necessary but it is not sufficient. As the Chief Executive of Case Study 2 observed in services that revolve around people (such as care services), it is not sufficient to enforce the letter of a contract - as the focus must be on quality (Walsh, 1991) [c15] which means attention to building sustainable relationships to improve long term service delivery.

4. Efficiency increases due to the market challenge (Boyne, 1996). The Chief Executive for Case Study 2 was clear that challenge (whether through CCT/VCT or Best Value) had improved service levels, [c13] thereby lending support to the central proposition advanced by Public Choice Theorists that competition improves performance (Tullock, 1965 Niskanen, 1971).

### **10.5. Contribution to Knowledge and Practice**

#### Contribution to Knowledge.

This thesis provides a distinct contribution to knowledge by identifying three strands of local governance (at Figure 5 above) which derive from the viewpoints of local government practitioners. The strands are grounded in data and taken together provide a broad response to the question of what local government actually does in the modern age.

#### Contribution to Practice.

1. This empirical work has not been done previously in this setting. This may at least in part be due to the difficulties in obtaining access and primary data in the field.<sup>195</sup>

Whilst it is acknowledged that practitioners regularly contribute to professional journals (such as the Local Government Chronicle) on issues of topical interest, an exhaustive literature search has not revealed any other study that has such a range of practitioner based narratives from within the local government sector. This facilitates reflection, and allows analysis not only within and between the case study



authorities but also on the basis of official or professional role (such as Council Leader, Chief Executive, Scrutiny Function etc.).

This thesis takes a small, but vital step, in recovering a valuable tradition of Public Administration going back to Professor William Robson (1895-1980) that seeks to strengthen links between theory and practice (Robson, 1975). This was the traditional base of academic Public Administration, confirmed by the fact that the founding fathers (such as Mackenzie, 1971, Robson, 1950, Chester, 1975) and others (Barker, 1942, Cole, 1920, Laski, 1925, 1938) had professional, public service or political responsibilities over and above their duties as Public Administration academics. This tradition declined as the discipline of Public Administration became more professionalised, narrowly focused and specialist in nature (Kavanagh, 2009) eschewing the traditional civic character (Marquand, 2004) that it had historically represented.<sup>196</sup>

2. The analysis and recommendations in this thesis with respect to the operation of the scrutiny function are likely to be instructive in the context of any future round of Local Government reform in Northern Ireland. Local Government in the province is due to be rationalised on account of the Review of Public Administration, reducing councils from 26 to just 11 super councils across the province, with effect from April 2015 (Knox & Carmichael, 2006). They have limited functions however and still operate by the traditional committee system. However the Local Government (NI) Act 2014 provides an option to adopt the executive/scrutiny split along the lines of the English model and it is likely that local authorities will do this in due course should more functions be acquired from Stormont. In this event, it is contended that the analysis and recommendations in respect of scrutiny shall be of direct relevance to local government reform in the province.

### **10.6. Challenges for Governance**

It has become evident that the present system does not work well. It is too centralised. This observation has frequently been made in political terms, manifested in periodic calls for constitutional reform by groups as diverse as Charter'88<sup>197</sup> and the Hannah Mitchell Foundation.<sup>198</sup> However it is increasingly recognised to have economic consequences, central to which is the contention that present



arrangements are more likely to hamper economic growth rather than deliver it (O'Neill, 2014b). This is evidenced by the fact that the economies of major UK cities outside of London are a net cost upon the national exchequer rather than a net contributor to it. Greater Manchester raises £17bn annually through tax revenue streams but spends £22bn across public services (Blond & Morrin, 2014). In 2013-14, Birmingham raised £7.5bn but spent £11bn whilst Leeds raised £6bn but spent £8bn (McGough & Swinney, 2015). Taken over the wider economic geographies of the city region, local public finance deficits still persist. Over the same period, the area covered by the West Yorkshire Combined Authority raised £15bn in taxes but public expenditure totalled £24bn, whilst the area covered by the proposed West Midlands Combined Authority raised £20bn but spent £30bn. (McGough & Swinney, 2015). The fact that these major centres do not make a net contribution to the national economy is symptomatic of a broken system, it is compounded by the fact that only London even registers on a global scale (O'Neill, 2014b). Defined as metro areas, the Greater London/South East region has a population of over 12 million whilst the next largest conurbations of Greater Manchester and West Midlands have less than 3 million each (O'Neill, 2014b) – less than a quarter of the size of the London conurbation. Compare Germany for instance, where the largest city in population terms is Berlin with 3.4million, with the next city being Hamburg with half that population (1.7m). This is complemented by a strong grouping of cities in the industrial heartland of Rhine/Ruhr<sup>199</sup> with a combined population of 10million (World Population Review, 2015) – this economic powerhouse gives these cities scale and global strength to compete.<sup>200</sup> It is worthy of note that cities exceeding 10 million population globally are increasing and dominating economically (Leese, 2015).

The solution presently canvassed is to pursue functional devolution to city regions – with the focus on core cities<sup>201</sup> but also extending to key cities<sup>202</sup> (Blond & Morrin, 2015) with the newly created Combined Authorities encompassing both (see 'New Institutions of Governance' below).<sup>203</sup> But as the above analysis makes clear, UK cities cannot achieve sufficient the scale on their own to compete globally and so need to work together with surrounding areas to maximise economic potential (Reed, 2015). It has been noted that global growth is driven by cities (Centre for Cities, 2015) but they are increasingly reliant upon their suburban hinterlands, which are often in neighbouring authorities. Although most tax is raised through employment in



city centres (a consequence of the concentration of knowledge intensive business service jobs), such cities are increasingly reliant upon neighbouring areas to house these workers and provide public services to them (McGough & Swinney, 2015) not least because it has been estimated that 50% of workers live in one local authority area whilst working in another (Centre for Cities, 2015). This underlines just how connected conurbations are and how important connectivity is both within city regions and between them. In Case Study 2 the authority was a commuter area for both Manchester and Leeds City regions, which explains in part why respondents were keen to stress the importance of electrification of the local rail line as a pre-requisite to driving prosperity, thereby establishing a vital link between workers in the borough and high value added KIBS<sup>204</sup> jobs in Manchester and Leeds city centres.

This research showed that place shaping and quality services were two key strands of Governance (see Figure 5 above).

Place Shaping: Supply Side Issues & Infrastructure – Place Shaping occurs through a combination of physical regeneration and the building of social capital (largely through developing the local skills base) and requires careful attention to be given to ‘supply side’ public policy issues outlined in Chapter 4.

One key issue which arose repeatedly in this research is the need to develop robust Transport infrastructure. This is crucial to boosting passenger capacity particularly on commuter rail links and to driving connectivity both within and between city regions. Improved connectivity is important to delivering three key agglomeration benefits to local businesses. (1) It enables them to access wider and deeper labour pools (Clayton, 2012) which is also beneficial to the local /wider workforce, (2) it increases ‘chance’ interactions between businesses in the same and related sectors that are located close to each other, resulting in the joint production and exploitation of tacit knowledge, thereby creating ‘technical’ knowledge spillovers which benefit all businesses<sup>205</sup> and (3) it drives down infrastructure costs through economies of scale, as more businesses locate in the area taking advantage of strong transport infrastructure to access labour and goods markets. It therefore makes other infrastructure such as broadband links cheaper to finance as there are more businesses to share the cost. Improved connectivity needs to be supported by

reductions in rail journey times between key city centres, such as those proposed by One North (One North, 2014) or Midlands Connect (Midlands Connect, 2014) and enhanced by the development of smart ticketing arrangements that prize the provision of integrated travel services across geographical boundaries. Many areas have the beginnings of these arrangements now, but they are confined to single metropolitan areas.<sup>206</sup> The leader in Case Study 2 was clear that they needed to be extended to the neighbouring county to reflect changing work patterns. There is a need to regulate local bus services through franchising, so that workers can be connected with employment opportunities. This is significant because most public transport journeys are by bus. This market was deregulated in 1986 and has become broken in many metropolitan areas with the consequence that workers are unable to access employment because commercial bus services are not provided. These powers are increasingly being devolved to Combined Authorities<sup>207</sup> as the present legislative regime for 'Quality Bus Contracts' (under the Transport Act 2000) has become so cumbersome, that only very few authorities such as the North East Combined Authority have successfully navigated it, enabling them to regulate local bus services in the absence of specific devolved powers (NEBOA, 2014). Transport connectivity also needs to address highway issues - such as known bottlenecks, managed motorways and congestion charging. Issues around freight connectivity also need to be considered, although the fact that there are no present proposals to connect Liverpool to the proposed HS2/HS3 rail links,<sup>208</sup> in spite of a huge investment in new deep sea port facilities at Liverpool 2, serves as just one example of a lack of joined up thinking and further demonstrates that there is clearly more lobbying to be done, if the importance of transport connectivity as an strategic economic policy issue, is to be finally grasped by distant policy makers in Whitehall.<sup>209</sup>

The Skills agenda is increasingly important given the need to develop knowledge intensive jobs that will boost Gross Value Added<sup>210</sup> in local economies. This requires a local economic strategy that seeks to add value to significant local economic sectors, through some combination of inward investment, indigenous business growth and exploitation of innovation through research and development. Over the long term this should increase graduate level jobs and minimise brain drain problems which have impacted on many areas (O'Neill, 2014b). This is particularly important in



a national labour market that has the hallmarks of bifurcation, creating a tier of secure well paid mobile jobs at the top, alongside a plethora of roles which are low skilled and poorly paid, largely because many middle level jobs have simply evaporated as a consequence of technology and global competition (Clayton, Williams & Howell, 2014). The ability of businesses to access fast broadband connections and for workers to be able access appropriate housing have been noted as important drivers of connectivity (O'Neill, 2014a) and are crucial to delivering economic growth. In order to place shape, authorities need to be able to successfully plan, sequence, fund and deliver quality infrastructure ranging from transport to broadband. This requires a level of governance at a greater scale than an individual authority and this in part explains why the Combined Authority model has been developed (see 'New Institutions of Governance').

Quality Services: Public Service Reform - This requires a radical reshaping of the local public service offer in a way that unites public service providers and transcends both local authority and professional boundaries, so as to facilitate integration, reduce duplication and secure effective service provision. The Chief Executive in Case Study 1 made reference to this. The motivation is to create a holistic approach to policy delivery which minimises the prospect of additional costs arising elsewhere in the system over the longer term (Blond & Morrin, 2014). This is most clearly seen in the sphere of health and social care, the latter being under increasing resource pressure (Gainsbury & Neville, 2015). At present there are problems with bed blocking in NHS hospitals because of the lack of availability of adult social care. A joined up systems approach would aim to develop social care so as to facilitate hospital discharges in a planned way, thereby lessening costs on the NHS. This thinking is clearly behind the devolution of £6bn NHS/social care budget to the Greater Manchester Combined Authority, due to take effect in April 2016. It is also reflected by proposals to integrate health and social care, in the first County Devolution deal that has been signed with Cornwall Council<sup>211</sup> (which interestingly has not required a Combined Authority - notably because a unitary authority was established in 2009 with a LEP subsequently adopting a coterminous boundary to create a cohesive administrative arrangement that reflects local economic geography). Case Study 1 made clear such a strategy required a partnership approach to agreeing objectives, provision of long term financial settlements and the

ability to pool budgets with partners, facilitated by the abolition of ring fencing conditions and combining of funding streams to create 'single pot' funding as far as possible. There is an underlying faith that locally driven solutions are more effective than ones imposed at national level (Pressman & Wildavsky, 1973) and there is some evidence to support this in areas such as locally based employment programmes (Parker, 2015). This integrated approach is supported by a pragmatism in terms of delivery modes (Wassenaar, Groot & Gradus 2013, Giddens, 1998, 2000) and an emphasis on quality (Walsh, 1991). The LGA remarked that many local authorities are looking to be fiscally independent of central government (see Annex 10) and Case Study 1 expected this for their authority within three years, made possible because current levels of government grant were quite low. There is often an ambition to control or at least influence the total public spend in the local area such as in Greater Manchester (Blond & Morrin, 2014, Leese, 2015, Lloyd, 2015) and also to contribute to the national exchequer by eliminating the regional fiscal deficits outlined earlier (Bernstein, 2014). This is driving the debate around fiscal devolution<sup>212</sup> and although advocated by many local authorities and the Commons DCLG Select Committee on Local Government (House of Commons, 2014) the need to devise suitable fiscal equalisation mechanisms mean that this is necessarily a project for the longer term.

There are further steps to be taken in terms of exploring co-commissioning of services and in involving service users in this process. Case Study 1 showed this was possible with the Experts by Experience Programme in which carers participated in setting specifications for the commissioning of adult social care services. There is a need to design public services for the recipient in a holistic way that personalises the state (Blond, 2014) and offers comprehensive solutions to linked problems such as truancy, skills/training, worklessness and health problems. Participants in Case Study 1 referred to a local housing estate that exhibited this mix of problems. The ability to 'wrap the state' (Leese, 2015) around these issues in a targeted way is more likely to minimise interventions and deliver solutions that are both efficient and effective over the medium to long term. The Troubled Families programme (DCLG, 2012, Oppenheim, 2015) cited by the LGA in this research is probably the model to follow for this, but it will take bold thinking, local input and adequate resourcing to achieve results.



### New Institutions of Governance

The institutional focus for these changes has been the combined authority model. The first combined authority being established by Greater Manchester commenced operation in 2011, being followed by four more in April 2014 (Liverpool City Region, West Yorkshire Combined Authority, Sheffield City Region and North East). These were constituted in 'shell' form (to enable powers, functions and funding to be devolved to them in due course) as indirectly elected bodies, to assume the roles of Integrated Transport Authority and Economic Prosperity Board (under the Local Democracy, Economic Development and Construction Act 2009). They co-ordinate the work of constituent authorities and provide a strategic level of economic governance that has been absent, since the abolition of the metropolitan county councils in 1986.<sup>213</sup>

Many areas have now expressed interest in setting up Combined Authorities such as in the West Midlands and the Tees Valley, as well as in county areas such as Leicestershire, Nottinghamshire, Derbyshire (which are looking to create a combined authority for each county<sup>214</sup>), and Northamptonshire, Oxfordshire and Buckinghamshire (which are exploring joining forces to create a single combined authority) together with the 'Great Western' cities of Newport/Cardiff and Bristol. Although the particular priorities for each areas differs - in the Tees Valley for instance it is to secure bus regulation, whilst for the West Midlands it is to deal with skills policy - the uniting principle is a quest to provide a strategic platform to enable development of infrastructure and pursuance of supply side measures, that will facilitate economic growth. This is a vital pre-requisite to securing successful place shaping and the delivery of quality services, which this research found to be two central strands of governance in modern local authorities.

Those areas that have Combined Authorities already are engaged in discussion to secure further devolution, with all considered to be near to concluding deals.<sup>215</sup> The Combined Authorities complement the work of the 39 Local Economic Partnerships which are designed to determine local skills policy and attract business investment. They also work alongside statutory Health & Wellbeing Boards which seek to facilitate joint working between local authorities (particularly with public health and



social services) and the NHS. All these bodies operate in an environment of ad hoc City Deal/Growth Deals concluded between 2012 and 2015 which have devolved various limited budgets and freedoms to date. The devolution deal signed with Greater Manchester in November 2014 and subsequently extended with health and social care in February 2015 was further extended in July 2015, with the creation of a local Land Commission to facilitate industrial development and the extension of local control to fire services with effect from 2017.<sup>216</sup> Government has indicated a requirement for elected mayors to head Combined Authorities if further devolution is to be forthcoming (Osborne, 2015) (and this requirement is contained in the draft Cities and Local Government Bill 2015) and is presently under consideration by civic leaders.<sup>217</sup> It is less clear however, that this would be expected in county areas. It is notable that the recent Cornwall deal did not require a combined authority or an elected mayor. Many of the other areas with combined authorities such as Liverpool city region or the West Midlands do not have the long history of inter local authority co-operation which has become embedded in Greater Manchester over the last thirty years (Leese, 2015). Local politics may be a challenge in these other areas, with the debate sometimes being thrown open wide, such as a local press campaign in Yorkshire highlighting the benefits of an elected mayor for the whole Yorkshire region (Yorkshire Post, 2015). The obvious advantage arises from the contention that it is easy to market a strong global brand like 'Yorkshire' but the problem with this is that Yorkshire is such a large and diverse region (which has a population greater than Scotland and an economy twice the size of Wales) that the debate risks losing focus as it slips from economics to cultural identity. Notwithstanding this, Greater Manchester seems to not only have assumed the mantle as leader of the Northern Powerhouse but be a national and international trail blazer by adopting a model that others will seek to follow (Bernstein, 2014, McDermott, 2015). This experiment will be closely watched in years to come, as the success of the ambitious<sup>218</sup> devolution project embarked upon in Greater Manchester is judged upon by cheerleaders and sceptics alike.

### 10.7. Challenges for Accountability

This research has shown there is a clear appetite amongst local members to scrutinise decisions.<sup>219</sup> The recommendations in this thesis should ensure they have



a toolkit to do so. Given that with the exception of Police & Crime Commissioners, elected members are the only actors in the local system with democratic legitimacy, it seems reasonable that the scrutiny function should be entrusted to them. So an effective scrutiny function is a minimum requirement - the question then becomes whether it is sufficient?

There is an argument that low electoral turnouts detract from the democratic legitimacy that would otherwise attach to the elected member role, with the consequence that something else is needed to supplement it. This point can be readily countered by recalling that low electoral turnouts have occurred within the current framework of governance which, as has been argued above is broken. If local government gains further responsibilities and levers of control over finance and decision making to impact on their areas, then over the medium term their relevance should become clearer and that may well have the potential to raise levels of political participation in the electoral process.

### Political Participation & Deliberative Democracy

Notwithstanding the point that electoral turnouts may increase over time if the framework of local government is reshaped, there is significant evidence that wider political/civic engagement in Britain is on the decline, with a polity that is characterised by low party memberships, declining trade union numbers and falling electoral turnouts (Whiteley, 2012).<sup>220</sup> So there is a clear argument to be advanced for extending popular participation by exploring models of Deliberative Democracy (Fishkin, 1993) through mechanisms such as Deliberative Opinion Polls used to assess in depth opinion to inform public policy (Fishkin, 1993 Fishkin, Jowell & Luskin, 2002), Citizens Juries used to weigh policy options (Coote & Lenaghan, 1997) or through citizen involvement with scrutiny panels that could feed into the overview/policy development function as well as scrutinising executive decisions that are taken. The ad hoc approach to scrutiny for the hospital reorganisation in Case Study 2 shows the potential for such an approach to be adopted wider. Case Study 1 showed that the public engaged with scrutiny over key issues such as HS2 when it was seen as relevant to them. There must be potential to examine wider citizen involvement, so that citizens can complement the role of locally elected members

(Fishkin, 1993) thereby helping to ensure that policy is devised, discussed, scrutinised and implemented on the basis of rational argument and debate, to increase transparency and to close any democratic deficit that may exist. This may offer the opportunity to redefine the nature of citizenship in the modern age in a way that is much more active than simply requiring votes at periodic elections. One is reminded of the oft quoted dictum that politics is much too important to be left to politicians.

### 10.8. Conclusion: The Future of Local Government

Questions of citizenship clearly sit alongside wider questions of how local authorities will actually look a generation from now. When this researcher commenced study of local government about twenty years ago, the focus was almost exclusively on service delivery, now it is largely on place shaping and securing wider economic growth in local economies. It seems highly likely that twenty years from now, financial pressures, demographic trends and changing patterns of service demand will have forced yet another rethink around basic but crucial questions of what local authorities do, how they do it and whether it could be done better. It is to be hoped that the conclusions of this thesis make a worthwhile contribution towards starting this debate.



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# **GOVERNANCE AND ACCOUNTABILITY IN THE MODERN LOCAL AUTHORITY:**

## **AN EXPLORATORY ANALYSIS OF VIEWS FROM INSIDE & OUT – WITH PARTICULAR REFERENCE TO OUTSOURCING AND PARTNERSHIP WORKING.**

**ALEX STRICKLAND FRSA**

A thesis submitted to the University of Huddersfield  
in partial fulfilment of the requirements for  
the degree of Doctor of Public Administration

17<sup>th</sup> March 2015.

**ANNEX 11**

**Volume VI of VIII**



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<sup>1</sup> See Waldo (1948). Also see the writing of others who follow such a tradition such as Greenwood & Wilson (1989) and Stewart & Walsh (1992).

<sup>2</sup> See Hassan, Gerry & Mitchell, James (2014) 'After Independence' (Edinburgh: Luath Press Ltd)

<sup>3</sup> See Barnett, Anthony 'Beyond the Global kingdom: England after Scottish Self Government' in 'After Independence' (above) pp.211-223.

<sup>4</sup> In light of the Smith Commission proposals for Scotland, on 27 February 2015 in advance of St Davids Day the Prime Minister David Cameron announced at the Welsh Conservative Conference in Cardiff plans to provide more powers to the Welsh Assembly which would see guaranteed funding for Wales in return for a referendum being held as to whether the public would accept handing powers to vary income tax to Cardiff Bay. In addition to the power to set business rates, there is a proposal to allow the Welsh government to issue bonds to fund capital expenditure and control the granting of fracking licences. See Kylie Maclellan 'UK Government pledges more powers for Wales as the devolution debate rumbles on', news report by Reuters published online at [www.reuters.com/article/2015/02/27/uk](http://www.reuters.com/article/2015/02/27/uk) and John Murray-Brown 'Wales faces final hurdle for tax-raising powers' published in The Financial Times, p.6, 27/28 February 2015. These proposals follow those from the Labour leader Ed Miliband at the Welsh Labour Conference in Swansea on 14 February 2015 which proposed devolving a range of powers from fracking licences, to being able to determine the voting age for assembly elections in Wales. See 'Labour Leader Ed Miliband pledges more powers for Wales', BBC News report published online at [www.bbc.co.uk-wales-politics](http://www.bbc.co.uk-wales-politics) on 14th February 2015. The devolution settlement for Northern Ireland as set out in the Northern Ireland Act 1998 based on the Belfast Agreement, subsequently modified to take account of the St Andrews Agreement in 2006 and the Hillsborough Castle Agreement in 2010 dealing with the devolution of policing and justice powers. The Stormont House Agreement (2014) contains a package of measures designed to increase fiscal devolution (in particular to deliver the devolution of corporation tax by 2017) in return for implementation of Welfare reform proposals. (See The Stormont House Agreement published by HMSO Belfast, 23rd December 2014).

<sup>5</sup> It is interesting that the focus on structures, powers and functions shows that the traditional Institutionalist base of Public Administration with inductivist and unstated almost common sense methodology a historical and descriptive focus as practised by scholars such as William Robson, Norman Chester, William Mackenzie in one generation and by Neville Johnson and Fred Ridley in successive generations has not actually died out, despite the focus on scientific methods arising out of the Positivist tradition.



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<sup>6</sup> See Sandford, Mark 'Local Government in England: Capital Finance' Briefing to Members of Parliament (Ref SN/PC/05797) published by The House of Commons Library (30<sup>th</sup> April 2014). Mention may be made of models of Tax Incremental Financing (TIF) which are used in the US and being lobbied for by the local government sector in England to allow local authorities to fund infrastructure and make repayments out of business rates that are generated by the infrastructure improvement,. Reference may also be made to 'earnback' schemes that seek to allow borrowing to fund specific infrastructure with repayment coming from local tax revenues. There is pressure for large cities to be given wide ranging tax raising powers so as to become financially independent of central government in less than a decade. This case is routinely made by Sir Howard Bernstein, (Chief Executive of Manchester City Council), Tom Riordan (Chief Executive of Leeds City Council) Mark Rogers (Chief Executive of Birmingham City Council) and Joe Anderson (Mayor of the City of Liverpool). (See for instance Local Government Chronicle, Devolution Special, issue published 2<sup>nd</sup> October 2014).

<sup>7</sup> See Killan, Joanne (2014) 'Let Local Ambition Lead', Local Government Chronicle, 2<sup>nd</sup> October 2014, Comment, pp.12-13. (Joanne Killan is the Chief Executive of Essex County Council).

<sup>8</sup> See for instance the radio programme 'The Devolutionaries: Powering Up England's Cities', Documentary Special first broadcast by BBC Radio 4 at 8pm on Monday 12<sup>th</sup> October 2014. The programme offers an overview of these issues from the viewpoint of those working within the Greater Manchester Combined Authority.

<sup>9</sup> The term was attributed originally to B. Guy Peters but was developed by Rod Rhodes and Gerry Stoker. The classic thesis held that Central Government was weakened by a transfer of powers on an international level to the EU and global institutions whilst at a domestic level privatisation and the reform of local government since 1974 had acted to hollow out the central state undermining capacity to steer policy networks in a strategic way (Rhodes, 1994). For a contrary view see Holliday, 2000. It is contended in this thesis however that at local level the state has almost certainly been hollowed out by the pincer movement processes of contracting out on the one hand and reliance upon partnership working on the other. This has led to further changes in the shape of the local governance landscape (see Chapter 4). Although constitutionally weak, it should be noted that local government has a remarkable capacity to preserve and reinvent itself to deal with particular challenges (John, 2014).

<sup>10</sup> Interviews with The Local Government Association, The Northern Ireland Local Government Association, The Centre for Public Scrutiny, the Chief Executive a City Council and detailed written responses to queries kindly provided by the Vice Chair of and Clerk to a Parish Council. These Interviews are appended to this thesis.

<sup>11</sup> This may be regarded as a combination of the outsourcing regime operated (see Chapter 3) together with partnership arrangements (see Chapter 4).

<sup>12</sup> Waldo (Waldo, 1948, 1955) has had a profound impact on the thinking of the writer of this thesis. In particular the commitment to the public service ethic that he prized above all else is considered to be of key importance. Waldo maintained that public service could not be run as a private business and that public administration was about public service values. The writer of this thesis is in agreement with the view – for a contrary (but popular) view that sees public and business administration as essentially the same (see Perry & Kramer, 1983). The impact that Waldo has had on the writer is explored in the Personal Impact Statement that accompanies this thesis.

<sup>13</sup> See section 1.7 'Structure of the Literature Review' in this chapter.

<sup>14</sup> See Chapter 7 (Methods) of this thesis and my Personal Impact Statement which relates some of the challenges in obtaining primary data for this thesis.

<sup>15</sup> See the Personal Impact Statement that accompanies this thesis which chronicles my longstanding interest in the historiography of the discipline of Public Administration.

<sup>16</sup> See Geertz (1973). Clifford Geertz drew upon anthropology to develop the concept of 'thick description' which looks at behaviour in context. It looks for meaningful descriptions by actors set in the particular historical, cultural and situational context. This was later developed by Bevir & Rhodes (Bever & Rhodes: 2003, 2007, 2010) into the ideas of decentred governance and 'situated agency' in which it was accepted that actors had discretion to act but did so within a crucial cultural context.

<sup>17</sup> See David Sanders (2002) 'Behaviouralism' (Chapter 2) in David Marsh and Gerry Stoker (Eds.) 'Theory and Methods in Political Science'. (Basingstoke: Palgrave Macmillan) The behaviouralist tradition had particular strengths at the LSE, Strathclyde and Essex Universities, in contrast to the hermeneutic tradition that was dominated by Oxford, Cambridge, Manchester and London Universities.

<sup>18</sup> Hence the development of the Nuffield Studies in Electoral behaviour between Donald Stokes and David Butler – the former a scholar in the quantitative tradition from the US and the latter an Oxford don schooled in traditional qualitative analysis.

<sup>19</sup> Crick, B. (1959) 'American Science of Politics', (1962) 'In Defence of Politics'.

<sup>20</sup> Examples of bypassing from the 1980's include the establishment of Housing Action Trusts, Locally Managed and Grant Maintained Schools, the establishment of Enterprise Zones and the



establishment of Training and Enterprise Councils. Thus in key areas of education, housing, industrial development and training, local authorities were bypassed when policy was being implemented.

<sup>21</sup> For instance there was an argument that central/local government worked in partnership. Rod Rhodes developed this into the Power/Dependence Thesis which argued that power was networked and depended on the dynamics of the particular situation in which power was exercised. Central or Local Government could have power depending on the particular dynamics (see Rhodes, 1981). The Agency thesis was subsequently modified by Chandler (see Chandler, 1988) who argued that whilst the scope for policy making at a local level was limited, there was some scope over the means of how policy was implemented which gave local authorities some bargaining power.

<sup>22</sup> The main planks of the social democratic settlement consisted of a commitment to full employment, mixed economy and the operation of a welfare state along with state funded public services such as education, health and housing, together with agreement on the principle of government intervention in the market economy to secure wider social purposes.

<sup>23</sup> Full employment was taken to mean an unemployment rate of 3% - see Keynes (1936).

<sup>24</sup> This collapse in confidence manifested itself in the mid-late 1970's through the combination of (1) growing responsibilities assumed by the state, (2) increasing industrial strife and (3) the inability to manage the economy to keep inflation/unemployment levels low.

<sup>25</sup> The 1983 General Election was the last one when there was major policy difference between the party programmes with a radical left wing manifesto being proposed by the Labour Party under the leadership of Michael Foot (later referred to as the 'Longest suicide note in History' as it recorded its lowest share of the vote (27.6%) and a radical neo-liberal influenced manifesto being proposed by the Conservatives under the leadership of Thatcher that led to a landslide Westminster majority (on 42% of the popular vote).

<sup>26</sup> See King (1975) p.286.

<sup>27</sup> The crisis of delegitimation was set in the Marxist tradition as an inevitable part of the crisis inherent in the capitalist state.

<sup>28</sup> The term 'Thatcherism' was actually coined by key thinkers on the New Left – namely Stuart Hall and Martin Jacques some years earlier (see Hall 1983, 1988).

<sup>29</sup> Central to this success was the ability of Think Tanks such as the Institute for Economic Affairs, The Centre for Policy Studies and the Adam Smith Institute to develop ideas that were passed to

politicians and used as part of a radical electoral platform to challenge the prevailing social democratic consensus. (See for instance Coppleston, 1991 and Stedman-Jones, 2012)

<sup>30</sup> Several theories of Central/Local Relations have been put forward. The Agency Thesis (Bogdanor, 1988) which maintains that local government acts under the direction of central government as a mere agent. The Stewardship Thesis (Chandler, 1988) which largely accepts the Agency Thesis but claims that local government has significant discretion around implementation. The Partnership Thesis looks to a more co-equal relationship although this was later criticised and modified by the Power/Dependence Thesis advanced by Rod Rhodes in which both central and local government have a degree of power/resources which is reflected in bargains/negotiations around particular issues. It is submitted that the Stewardship Model and the Power/Dependence Thesis are probably the most accurate reflection of central/local government relations today.

<sup>31</sup> It was actually to be a further generation after Rose wrote before real cuts in local government expenditure took hold (see Chapter 4 of this thesis). It is estimated that cuts to local authority funding from 2010-2015 shall be in the order of 30% of revenue budgets in real terms (Northern Futures, 2014)

<sup>32</sup> It may be that fiscal pressures on local government actually force this situation to change as the Barnet Graph of Doom (Brindle, 2012) shows with the projection that if current trends continue all local authority funding will be consumed in providing social services and nothing else.

<sup>33</sup> See Chapter 3 'Governance: Outsourcing of Local Authority Services'

<sup>34</sup> Published by the Financial Times 12th November 2013.

<sup>35</sup> See Local Government Act 1988

<sup>36</sup> See Local Government Act 1992.

<sup>37</sup> See the Agency Thesis of Central/Local Relations advanced by Bogdanor (Bogdanor, 1988) and outlined in Annex 1 to this Thesis. The Agency thesis claims that central government directed local government and it was powerless to resist.

<sup>38</sup> See problems with the South West One support services contract (Somerset County Council, 2014) and with the outsourcing of Barnet LBC Legal Services (Lloyd-Jones, 2014)

<sup>39</sup> Whether this faith can be properly applied to oligopolistic markets that characterise public sector outsourcing is an open question.



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<sup>40</sup> See South West One contract problems (Somerset County Council, 2014)

<sup>41</sup> Dowding considered the impact of Public Choice ideas upon the nature and number of Local Government structures (Dowding, John & Briggs, 1994). There are two Public Choice models which seek to explain the number of Local Government structures/units – namely the ‘club’ model (Buchanan, 1965) which indicated that much of what is generally provided as a public good could be provided as a ‘club’ good to ‘members’ thereby undermining the idea of universal provision and opening the way to such provision being private, and the competition model (Tiebout, 1956). The number of local government units/structures is an important issue because it relates to them being able to act in a competitive way. Public Choice theorists such as Tiebout, considered it important that local government units compete to attract residents and businesses to generate tax revenue to support local services.

<sup>42</sup> Boyne noted that one key message of the public choice thesis relates not to public or private provision of itself (although it should be noted that in its normative form there was almost a theological faith in markets (Friedman, 1962, 1980)) – but rather to the notion of competition – the effect of which was generally to lower spending and increase technical efficiency of services that were outsourced (Boyne, 1996) although there were exceptions to this, particularly when public monopolies were merely replaced by private ones (see for instance Martin & Baker, 1997). Boyne (Boyne, 1996) reviewed the application of the public choice model with reference to the question of competition within the local government sector itself. At the core of it was a strong faith in the ability of competition to deliver increased efficiency. Boyne contends that this requires three elements to be present – namely (1) Fragmented Structure – requiring a multiplicity of local government units, (2) Units of Local Government having a high level of autonomy (in terms of policy initiation) and (3) Units of Local Government which have a high degree of locally raised finance. Suffice to note that policy measures introduced under Thatcher regime (and subsequently continued) actually went against these ideas and they are now being reclaimed as the drive towards decentralisation has returned to the political agenda following the Scottish referendum vote in September 2014. (See Chapter 4 of this thesis). The lack of these conditions meant that competition had a weak hold within the local government sector itself. One solution was to outsource service provision, hence the prescription of the normative public choice school, for privatisation where possible and marketisation where not (Bacon & Eltis, 1976, Jordan & Ashford, 1993 and McMaster & Sawkins, 1996) as explored in Chapter 2 of this thesis.

<sup>43</sup> This situation has now altered somewhat with the passage of legislation under Section 2 of the Local Government Act 2000 which introduced the wellbeing power and Section 1 of the Localism Act 2011 which introduced the general power of competence (for background see Annex 1 to this thesis).

<sup>44</sup> See the Local Government Planning and Land Act 1980.

<sup>45</sup> See the Local Government Act 1988.

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<sup>46</sup> See the Local Government Act 1992.

<sup>47</sup> See the Local Government Act 1999.

<sup>48</sup> See Part 2 of Annex 2 of this thesis for more details.

<sup>49</sup> See the Local Government (Contracts) Act 1997 which guaranteed to the private sector that local authorities would not seek to abandon contracts on the grounds that they were ultra vires as had happened in the famous London Borough Interest rate swap cases in the early 1990's (see Part 2 of Annex 2 of this thesis for more details).

<sup>50</sup> See Section 2 of the Local Government Act 2000.

<sup>51</sup> See Section 1 of the Localism Act 2011

<sup>52</sup> See the Transfer of Undertakings (Protection of Employment Rights) Regulations 1981 (see also Part 2 of Annex 2 to this thesis for more detail).

<sup>53</sup> See position with South West One contract (Somerset County Council, 2014)

<sup>54</sup> See Barnet LBC who outsourced/shared all Legal Services and did not retain a corporate core of competence and the subsequent difficulties that arose from that (Lloyd-Jones, 2014)

<sup>55</sup> Place Shaping can be regarded as a mixture of physical regeneration (including infrastructure such as transport) together with the building of social capital amongst the population (through education and skills) to enable successful economic development.

<sup>56</sup> Also see work in the field of Policy Implementation Theory – in particular the observation from Pressman and Wildavsky (see Pressman & Wildavsky, 1973) that successful policy implementation was more likely to be due to the efforts of street level bureaucrats than high level policy design

<sup>57</sup> The concept of agglomeration was devised originally by Professor Alan Harding (see HARDING: 2010). It refers to the development of business clusters on sufficient scale that can provide mutual support encouraging business start ups. An example can be the information technology sector that has developed in London's Shoreditch area.



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<sup>58</sup> The example usually cited is the City of Lille which used the TGV station and associated transport infrastructure investment to lever in local investment after the collapse of the textile industry in the 1980's.

<sup>59</sup> See also the argument from Michael Heseltine (Heseltine, 2012) who also argued for HS2/3 to be extended to Liverpool.

<sup>60</sup> See Section 4.7 of this thesis.

<sup>61</sup> At present some metropolitan areas have their own arrangements such as the Walrus card on Merseyside or the MCard in West Yorkshire. But these schemes suffer from poor connectivity owing to the inability to use these systems for 'cross border' travel thereby hindering connectivity and agglomeration benefits.

<sup>62</sup> The Super Connected Cities Programme is managed by Broadband UK (as part of DCMS) and offers vouchers to businesses who wish to obtain fast broadband connections. 10 cities were announced in 2012 with a further 12 being added subsequently.

<sup>63</sup> The Barnet Graph of Doom was first identified by David Brindle in a Guardian article (see BRINDLE: 2012). The graph shows the cumulative impact of population changes and tight fiscal settlements from Central Government to draw the conclusion that Barnet LBC would only be able to provide adult and children social services and nothing else unless there was a drastic change within 20 years.

<sup>64</sup> At present the only core city that makes a positive fiscal contribution to the exchequer in terms of local tax receipts exceeding local public spending is the City of Bristol - see Centre for Cities, 2014A.

<sup>65</sup> On 25th February 2015 it was announced that £6bn health service spending will be devolved to Greater Manchester in a bold attempt to integrate delivery of health and social care (see section 4.13 of this thesis).

<sup>66</sup> The Troubled Families Programme is a central government initiative (see DCLG: 2012) to work with families through local authorities to deal with cross cutting problems to improve school attendance, reduce youth crime and anti-social behaviour, reduce unemployment thereby reducing the pressure on public service budgets from 'troubled' families.

<sup>67</sup> Parallels may be drawn with the analysis of King on the Overload Thesis when he observed that the reach of the state was being extended just when the grasp was relinquished. The state was at its weakest when it was needed most see King, 1975 (and Chapter 2 of this thesis).

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<sup>68</sup> For traditional descriptions of the Westminster system see for instance K.C. Wheare (1966) 'Modern Constitutions', (Oxford University Press), D.N. Chester & F. Wilson (1957) 'The Organisation of British Central Government 1914-1956' (London: Allen Unwin) or W.Mackenzie & D.N. Chester (1957) 'Central and Local Government' (London: Macmillan).

<sup>69</sup> This phrase was attributed to Osborne & Gaebler (Osborne & Gaebler, 1992) who made the distinction between steering and rowing. The former was typical of commissioning authorities and the latter the old style public service model of direct provision.

<sup>70</sup> Although it is accepted that the state (local and central) will seek to influence such networks and can (and will often seek to) steer policy through them - although far from perfectly.

<sup>71</sup> Thompson (1967) p.31 quoted in Rhodes 2007 p.1245.

<sup>72</sup> Parallels may be drawn with the concept of 'Reward Power' advanced by French & Raven (1959).

<sup>73</sup> On trust, see P. Finn (Finn, 1993) 'Public Trust and Public Accountability', Australian Quarterly vol.65 (winter) pp.50-59 also on links to trust and the concept of social capital (which can be regarded as important to the operational efficiency of networks) see R.Putnam (Ed.) (2002) 'Democracies in Flux: The Evolution of Social Capital in Contemporary Society' (Oxford University Press).

<sup>74</sup> The Boundary spanner is the link between two or more networks. In a local authority context, the Chief Executive would often occupy this role.

<sup>75</sup> The issue of pooled budgets is now central to the devolution agenda and has been furthered by the City Deals and Growth Deals (see section 4.8 of this thesis) the Combined Authorities (see section 4.9 of this thesis), the Greater Manchester Deal (section 4.12 of this thesis) and the Sheffield City Deal (section 4.13 of this thesis)

<sup>76</sup> The difference between this position and the present calls to devolve more powers and funding lies in the fact that the argument is now presented in the economic interests of UK plc (O'Neill, 2014, Northern Futures, 2014) rather than simply being the advancement of sectoral political interest.

<sup>77</sup> Finance still tends to be seen as a corporate function. This may be in part due to the statutory responsibility of the Treasurer under Section 151 of the Local Government Act 1972 and the professional power/influence that accountants seem able to exercise (see Chapter 4).

<sup>78</sup> (See Chapter 2). This is partly because these ideas have been accepted as part of the post-Thatcherite consensus or what Giddens referred to as the 'Third Way' (Giddens, 1998, 2000).



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<sup>79</sup> Although this has not been without problems - on serious communication and possibly service co-ordination failures see Chackraborty, 2014 and on the problems when the corporate core functions are seriously reduced see Lloyd-Jones, 2014

<sup>80</sup> The Joint Procurement Unit between Stockport MBC, Rochdale MBC and Trafford MBC has was established in February 2014 between the three boroughs to cut costs by centralising legal and procurement advice and basing the operations out of one town hall base.

<sup>81</sup> These league tables were introduced by the Labour Government in the Local Government Act 2003 and abolished by the Coalition Government in the Localism Act 2011.

<sup>82</sup> The Localism Act 2011 was amended to allow for City Deals following publication of the White Paper 'Unlocking Growth in Cities' sponsored by the Cities Policy Unit (created August 2011) DCLG and Dept for Business innovation & Skills. There have been a range of City Deals starting with eight cities (Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield) announced in 2012 and others have followed. They represent a specific agreement between Whitehall and a locality designed to boost economic growth and dealing with powers (particularly for skills/training, transport and infrastructure) and funding arrangements including the ability to borrow finance using Tax Incremental Funding (see footnote 83).

<sup>83</sup> Tax Incremental Funding allows certain City Region combined authorities (such as the Greater Manchester and the Leeds City Region Combined Authorities) who have prior approval to borrow sums to invest in infrastructure (typically transport) whilst using future revenue streams as security for such borrowing. There has now been modifications to the 'earnback' regime as part of the Greater Manchester Deal (see section 4.12 of this thesis).

<sup>84</sup> Chief amongst these reasons is the uniform reduction and then the abolition of the so called 'Community Charge' or poll tax in 1990 prior to the introduction of the Council Tax. This had the impact of making local authorities more reliant upon central government grants – see John Gibson 'British Local Government Finance under the Conservatives', Local Government Studies, Vol.18, No.4, pp.55-78 (December 1992).

<sup>85</sup> A quick glance at the position of London in comparison to other global capitals confirms the point – London raises just 26% of its revenue through local taxes compared to 39% for Berlin, 58% for Madrid, 69% for New York and 82% for both Paris and Tokyo. See Enid Slack, 'International Comparison of Global City Financing: A Report to the London Finance Commission' (31<sup>st</sup> January 2013).

<sup>86</sup> This was noted by the Public Choice School (see Chapters 2 and 3 of this thesis).

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<sup>87</sup> There is an argument that the electoral mandate should not be so prized due to low turnouts in local elections. But it is submitted that this is probably the product of the centralised Westminster regime and that a redesign of governance with Combined Authorities and more flexible powers/funding regimes may well increase interest in local politics and electoral turnouts as local authorities gain more powers/funding to act in their localities (For this argument see Myres, 2014 and Ritchie, 2014).

<sup>88</sup> This was facilitated for cities outside London by the Localism Act 2011 and the first elections took place in May 2012. For a general overview see Keith Grint 'Elected Mayors and City Leadership: Summary Report of the Third Warwick Commission – What is the Role of Elected Mayors in Providing Strategic Leadership to Cities?' (April 2012) (Warwick University).

<sup>89</sup> See Hambleton & Howard (2013) p. 63.

<sup>90</sup> However the reality is that many of these organisations are themselves experiencing budget difficulties often as a result of having their grant funding cut or withheld. During the interviews for Case Study Authority 1 (Chapter 8) the Chair of the LSP refers to this problem at length remarking that the council has been obliged to cut funding to local charities.

<sup>91</sup> For instance 'The Solihull Partnership, 'Wirral Local Strategic Partnership' or 'Calderdale Forward'

<sup>92</sup> There are government proposals to abolish the mandatory requirement to have a Community Strategy.

<sup>93</sup> See The Localism Act 2011.

<sup>94</sup> The prime structural example of this in British Public Administration was the creation of the metropolitan county councils for the six metropolitan areas (see Annex 1 to this thesis) which were created in 1974 and abolished in 1986 and which covered functional economic geographies around the cities of Liverpool, Manchester, Leeds, Sheffield, Newcastle and Birmingham.

<sup>95</sup> See Derek Senior Memorandum of Dissent to Redcliffe Maud Report (see note below).

<sup>96</sup> The Report written by Lord Redcliffe Maud published by the Royal Commission on Local Government in England 1966-1969 Published 1969 (Cmnd 4040).

<sup>97</sup> This is a think tank linked to the Institute for Public Policy Research.

<sup>98</sup> Liverpool, Manchester, Leeds, Sheffield, Birmingham, Nottingham, Newcastle, Bristol.



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<sup>99</sup> By way of example The Leeds City Region covers the 5 metropolitan boroughs of West Yorkshire (Kirklees MBC, Calderdale MBC, City of Bradford MDC, Leeds CC and City of Wakefield MDC) together with the area of York City Council in North Yorkshire. The LEP area covers this together with Barnsley MBC, Craven BC, Harrogate BC and Selby BC. The West Midlands area has two LEPS (1) Black Country LEP covering the administrative areas of Dudley MBC, Sandwell MBC, Walsall MBC and Wolverhampton MBC areas and (2) The Greater Birmingham & Solihull LEP covering the administrative areas of Cannock Chase BC, East Staffordshire BC, Lichfield BC, Tamworth BC, Birmingham CC and Solihull MBC. By contrast the Manchester City Region includes the 10 local authority areas in Greater Manchester which is exactly the same as the LEP.

<sup>100</sup> The applications for the first round of City Deals in 2012 showed that the annual economies of major city regions valued as follows:- Leeds (£52bn) Manchester (£48bn) Liverpool (£21bn) Sheffield (£25bn) and Nottingham (£12bn).

<sup>101</sup> At the Manchester Manifesto Conference organised by Downtown Business and held at Manchester Central on Friday 7 November 2014 Sir Howard Bernstein (Chief Executive of Manchester City Council) made clear that the Manchester City Region has annual public spending across all public services of £22bn, whereas it only collects a total of £17bn through the various tax regimes leaving a deficit to be funded nationally of £5bn. This underlines the importance of driving economic growth with a view to boosting GVA to close that deficit with a view to becoming a net contributor to the national economy. At the moment Bristol is the only core city to make a net contribution to the national exchequer.

<sup>102</sup> See Local Government Chronicle special issue 'City Deals' Published 12th July 2012.

<sup>103</sup> There are now five Combined Authorities in operation – Greater Manchester Combined Authority established 1st April 2011 (consisting of Manchester CC, Bolton MBC, Bury MBC, Rochdale MBC, Oldham MBC, Trafford MBC, Stockport MBC, Salford CC Wigan MBC and Tameside MBC), Liverpool City Region Combined Authority established 1st April 2014 (consisting of Liverpool CC, Sefton MBC, Knowsley MBC, St Helens MBC, Wirral MBC and Halton BC), the West Yorkshire Combined Authority established 1st April 2014 (consisting of Leeds CC, Bradford MBC, Wakefield MBC, Kirklees MBC and Calderdale MBC). Sheffield City Region Combined Authority established 1 April 2014 (consisting of Barnsley MBC, Doncaster MBC, Rotherham MBC and Sheffield CC) and The North East Combined Authority established 15th April 2014 (consisting of Durham CC, Gateshead MBC, Newcastle CC, North Tyneside MBC, South Tyneside MBC, Sunderland MBC and Northumberland CC). Some of these also include 'non constituent' member councils which do not have voting rights such as York CC which is linked to the West Yorkshire Combined Authority or Bassetlaw DC which is linked to the Sheffield Combined Authority. As of 26th February 2015 according to Local Government Chronicle research published in the LGC on that date, Combined

Authorities were also under strong consideration in the West Midlands, Tees Valley (where the important issue was seeking control to re-regulate bus services) and Devon and Somerset CC areas (where the important issue was seeking control of skills regulation and budgets). Discussions were also under way between Cardiff CC, Newport CC and Bristol CC to create a Combined Authority (again the key issue was seeking control of skills regulation and budgets). Cumbria CC was considering the merits of a combined authority on based on current county boundaries, whilst the unitary authority of Cornwall Council has made known partnership working should be within the current unitary structure. Nottingham & Nottinghamshire and Derby & Derbyshire had both agreed in principle to establish Combined Authorities but the latter in March 2015 suffered a setback when Erewash DC refused to support the proposals.

<sup>104</sup> There have been debates about whether this should encompass fiscal devolution as well as functional devolution. The former is problematic because of equalisation mechanisms required, nevertheless there have been discussions around devolving certain elements of funding such as Business Rates and Stamp Duty – See Local Government Chronicle 12<sup>th</sup> February 2015 reporting of the speech by Danny Alexander MP, Chief Secretary to the Treasury to the Core Cities Group in Glasgow on this issue.

<sup>105</sup> This links with the theme of Civic Pride identified in Case Study 2.

<sup>106</sup> This was held in Leeds on 6<sup>th</sup> November 2014 hosted by the ODPM and the Centre For Cities and was addressed by Nick Clegg, Deputy Prime Minister and leading figures from within and outside the local government sector. Further details can be found on the Northern Futures and Centre for Cities websites.

<sup>107</sup> Sir Richard Leese, Leader of Manchester City Council was reported in the Local Government Chronicle (19th February 2015) as saying that asking DCLG for further powers was a 'waste of time' and that any serious dealings had to be done with HM Treasury. This had an echo of the recent debate about the long running battle for devolution of Corporation Tax raising powers at Stormont when HM Treasury were viewed as historically hostile to the proposal by many politicians in Ulster, in spite of widespread support amongst political parties in the province.

<sup>108</sup> London, Greater Manchester, West Midlands, West Yorkshire, Glasgow, Merseyside, Tyne & Wear, South Yorkshire, East Midlands, South Hampshire, Edinburgh, Cardiff Capital Region, Bristol, Belfast and Leicester.

<sup>109</sup> Tax Increment Financing schemes allow local authorities to borrow for infrastructure investments using anticipated future taxation/revenue streams as security. Earnback is the latest variety of this



scheme used for Greater Manchester to fund the Metrolink extension to the Trafford Centre (see section 4.13 of this thesis).

<sup>110</sup> Skills shortages refer to lack of skills in particular firms/industries, skills gaps refer to lack of skills in the local labour market and overskilling refers to workers who are overqualified in terms of education/training to occupy the employment role that they do.

<sup>111</sup> On 25<sup>th</sup> February 2015 it was announced that the Government was prepared to devolve £6bn of health service funding to Greater Manchester in an attempt to develop integration with delivery of social care. See 'Greater Manchester to win decision making powers in health and social care', Local Government Lawyer, 25th February accessed at [www.localgovernmentlawyer.co.uk](http://www.localgovernmentlawyer.co.uk) For background, see press reports published 26th February 2015 in the I Newspaper by Andrew Grice & Charlie Cooper 'NHS Devolution Plan hands over £6bn budget for health and social care', Helen Carter 'Cautious welcome in Manchester for high stakes experiment', Charlie Cooper 'Care Pooling already a reality in other parts of the UK' and Jeremy Lawrence 'Bold Moves are what's needed to transform our caring services' In these reports Richard Humphries Assistant Director of the Kings Fund think tank warned against politicians thinking these moves would deliver cash savings in the short to medium term for instance by stopping bed blocking because there is so much 'pent up' demand within the system already.

<sup>112</sup> As Finn outlined it, the concept of trust is between public officials and the electorate, but as indicated in Chapter 4, trust is also a key feature in sustaining then operation of network governance (Jeffares, 2010) and building Social Capital (Putnam, 2002).

<sup>113</sup> Here the Principal is considered to be 'the people' and the Agent is the public official.

<sup>114</sup> See Rehman & Batool (2013). p.540.

<sup>115</sup> These powers were famously used at Clay Cross DC in 1970's and more recently at Liverpool City Council and Lambeth LBC in 1985 when Labour run authorities refused to 'set the rate' as required by law as part of the annual budget process in protest at what they saw as extreme Central Government policies towards local authorities at the height of the Thatcher era.

<sup>116</sup> See section 4 Local Government & Housing Act 1989 (Head of The Paid Service), section 113 Local Government (Finance Act) 1988 (Chief Finance/Section 151 Officer). Also the Monitoring Officer has statutory powers under section 5 Local Government & Housing Act 1989. These are powers to make formal reports to members in respect of the running of the authority, the financial/budget position or legal matters. They are generally only used as a last resort.

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<sup>117</sup> The Council (as opposed to the Executive/Cabinet) is responsible for setting general policy/strategy and financial matters under the Local Government Act 2000.

<sup>118</sup> Mention may be made of the Planning Inspectorate that determines planning appeals, the Lands Tribunal that deals with disputes over land valuations, as well as bodies governed by private law such as employment tribunals.

<sup>119</sup> See *Associated Provincial Picture Houses v Wednesbury Corporation* [1948] 1 KB 223, which established the founding principles of administrative law making clear that decisions should be rational taking into account only relevant considerations and excluding irrelevant matters.

<sup>120</sup> This has been used recently to challenge closure of local libraries such as at Brent LBC.

<sup>121</sup> Compare ROBSON: 1947 to WADE & FORSYTH: 2009 and the extensive development of administrative law over the post war period becomes clear.

<sup>122</sup> Although the civil courts will generally enforce contractual obligations

<sup>123</sup> A parallel may be drawn with the Treasurer in a local authority who stands in a fiduciary relationship to the local area as a whole. (See *Att-Gen v De Winton* [1906], 2 Ch.106).

<sup>124</sup> This represents the 'second generation' of study of governance networks/democracy aiming to link institutions of elective politics to governance networks. The first generation of network governance studies identified the concept of network governance. See David Marsh & Rod Rhodes 'Policy Networks in British Government' (Oxford: Oxford University Press) (1992).

<sup>125</sup> See Sorensen & Torfing (2005) p.201.

<sup>126</sup> See for instance Skelcher et al (2013) Chapter 5 for a comparative study of governance in Birmingham, Copenhagen and Rotterdam using 'Q Sort' Methodology.

<sup>127</sup> The classic statement of the pluralist position is in Dahl 'A Study of Power in New Haven' (1961) Other theorists though have adopted Elitist perspectives that considers power to be concentrated amongst certain persons and groups (Wright-Mills, 1956)<sup>127</sup> whilst some took a Marxist/neo-marxist perspective and considered the operation of networks to be unequal in terms of power distribution (Lukes, 1974) linking that to the capitalist economic structure and hegemonic power of capitalist ideology<sup>127</sup>, concluding that policy networks are undemocratic with a focus on implementing neo-liberal orthodoxy and reducing what are in reality political debates to mere technical questions around policy implementation, thereby obscuring the position of where the real power lies (Davies, 2009, Macleod, 2011).



<sup>128</sup> There is an interesting link to be made on the question of declining electoral turnouts for local government elections and the prospect to reverse this and boost political participation by co-designing public services (on the ground) and devolving freedoms, flexibilities and funding to localities through pooled budgets and new governance structures such as Combined Authorities.

<sup>129</sup> As amended by the Localism Act 2011.

<sup>130</sup> This was outlined at The New Economy Lunchtime briefing event - 'Devo Max or Devo Manc' at Churchgate House, Manchester, 26th November 2014.

<sup>131</sup> as opposed to the traditional committee structure or alternative arrangements allowed under the LGA 2000 for councils with a population under 85,000.

<sup>132</sup> Section 15-17 Local Government & Housing Act 1989.

<sup>133</sup> Introduced by the Police & Justice Act 2006.

<sup>134</sup> Introduced by the Health & Social Care Act 2001

<sup>135</sup> s101 LGA 1972 - allowing one authority to provide services as agent to another, The Local Authorities Goods & Services Act 1970 - allowing trade between public bodies in specific circumstances

<sup>136</sup> See The Local Government (Contracts) Act 1997 - providing legal protection for those who contract with local authorities), The Local Government Act 2000 - power of wellbeing, The Local Government Act 2003 - developed municipal trading and charging powers and The Localism Act 2011 - power of general competence.

<sup>137</sup> See Robson, 1975.

<sup>138</sup> To the extent that the thematic analysis is grounded in the data there is acknowledgement of the importance of Grounded Theory (Glaser & Strauss, 1967)

<sup>139</sup> The word initial is used because the researcher placed less emphasis on the formal schedule as the interviews progressed and there was increasing familiarity with the data that was being collected through the interview process.

<sup>140</sup> Notably the use of qualitative and quantitative techniques of data collection/analysis

<sup>142</sup> For further discussion of the structure/agency debate See Mcanulla, 2002

<sup>143</sup> See the Personal Impact Statement submitted with this thesis.

<sup>144</sup> In August 2014 upon receipt of ethics approval, two informal pilot studies were carried out with colleagues in local government on an informal and anonymous basis with a view to 'road testing' the prompts that had been developed before using the Interview Guide on the first case study authority – Metropolitan Authority in the Birmingham City Region, the analysis of which forms Chapter 8 of this thesis. The pilot study resulted in the focus of the questions being sharper and there was substantially less reliance placed upon the Interview Guide as the process progressed and the researcher drew upon previous interviews and gained increasing familiarity with the matters under discussion.

<sup>145</sup> The response rate overall was probably around 15%. The Personal Impact Statement chronicles the detail of some of these approaches and the impact it has had on the research. It raises key issues about links between academia and local government practice. The poor response rate may to some extent explain the dearth of research in the area and was in direct contrast to the enthusiasm of the case study authorities that eventually did take part which all wholeheartedly embraced the ethos of the research to the extent of assisting with the co-ordination of interviews and in once case allowing the researcher to attend a governance seminar that was intended for local authority employees.

<sup>146</sup> Planning/licensing functions.

<sup>147</sup> This was outlined by Sir Howard Bernstein (Chief Executive of Manchester City Council) at the Manchester Manifesto conference at GMEX organised by Downtown in Business and held on 7th November 2014.

<sup>148</sup> Such as has been agreed for Greater Manchester (see Chapter 4) although joint working within the West Midlands area has a history that is clearly more problematic.

<sup>149</sup> See the address of Howard Bernstein (Chief Executive of Manchester City Council) to the 'Manchester Manifesto' Conference at GMEX Manchester held on 7th November 2014 and the address of Tom Riordan (Chief Executive of Leeds City Council) to the ODPM/Centre for Cities Northern Futures Conference held in Leeds on 6th November 2014.

<sup>150</sup> These boards were established under section 194 Health & Social Care Act 2012 as a committee of the local authority. They include as a minimum official representatives from Public Health, Adult



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Social Care, Child Social Care and the Clinical Commissioning Groups for the NHS. Section 195 imposes a duty to seek to integrate policy between health and social care.

<sup>151</sup> See 'The Greater Manchester Agreement: Devolution to the GMCA & Transition to a Directly Elected Mayor' (Published by HM Treasury and GMCA December 2014).

<sup>152</sup> See section 21 Local Government Act 2000.

<sup>153</sup> See the detailed submissions by the Vice Chair and Clerk of (another) Parish Council in Annex 10 which supports this interpretation.

<sup>154</sup> It is only possible to create jobs on the basis of economic growth.

<sup>155</sup> Place Shaping may be regarded as a combination of physical regeneration and the building of social capital/capacity amongst the local population to be able to take advantage of economic opportunities.

<sup>156</sup> See Theme C 'Quality Service' raised by the Council Leader

<sup>157</sup> This links to Theme H on Leadership

<sup>158</sup> This is supported by the fact that elsewhere in the interview he relates an incident where he told a journalist with reference to his previous position that if he failed to reform Children's Services he did not deserve to keep the job and would leave voluntarily if that was the case.

<sup>159</sup> This involved a 3000 page contract for support services that was so complicated, even the lawyers that drafted it did not understand it and it was consequently difficult to enforce (see Somerset County Council, 2014).

<sup>160</sup> See Address to Manchester Manifesto Conference at GMEX Manchester (organised by Downtown in Business) 7th November 2014.

<sup>161</sup> See the Personal Impact Statement submitted with this thesis.

<sup>162</sup> Section 4 Local Government & Housing Act 1989

<sup>163</sup> See Ward Member interview Lines 367-380.

<sup>164</sup> See LSP Chair interview Lines 184-186

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<sup>165</sup> The population hollowing out effect was described by the Chief Executives of Hull City Council and Newcastle City Council at the ODPM/Centre for Cities Northern Futures Summit held in Leeds on 6th November 2014. (It was also discussed at the Future Cities Event held in Sheffield on 27th November 2014). The hollow out effect has gripped these and other northern cities which struggle to retain graduates. Young people are attracted to northern universities, then leave for employment often in London and the south east of England because northern cities cannot provide attractive career opportunities before returning home to those northern cities in old age when care services are required. This creates serious fiscal difficulties for local authorities seeking to plan services, because those in northern locations (which include Hull, Newcastle and Liverpool) which suffer from this effect, have the burden of providing high cost care services, but suffer a decline in the working age population to generate revenues through which to cover costs.

<sup>166</sup> See section 4.2 of this thesis and Quotes P1-P5 from Case Study 2.

<sup>167</sup> This was the overwhelming theme expressed in the series of regional studio debates broadcast by BBC1 on 5th November 2014 on the 2235 regional network opt out slot, including 'Power to the North West', 'Power to Yorkshire & Humberside', 'Power to the West Midlands' and 'Power to the South West'.

<sup>168</sup> The key to this is that the scrutiny function is taken seriously at the highest corporate level so that it is treated as part of the ethical governance constitutional framework of the local authority.

<sup>169</sup> As defined in Chapter 3 of this thesis, Place Shaping can be regarded as a mixture of physical regeneration (including infrastructure such as transport) together with the building of social capital amongst the population (through education and skills) to enable successful economic development.

<sup>170</sup> Address by Sir Howard Bernstein to 'Manchester Manifesto' Conference at GMEX Manchester organised by Downtown in Business and held on 7th November 2014.

<sup>171</sup> For Railway Governance see Fig 6 in Chapter 10 of this thesis.

<sup>172</sup> Established under section 194 Health & Social Care Act 2012 – see Chapter 4 of this thesis.

<sup>173</sup> It was notable at the Northern Futures Conference held in Leeds and the Future Cities Conference held in Sheffield (both in November 2014) that the Youth Work Contract Scheme to boost the employment levels of young people had double success rate locally in West Yorkshire (70%) when it was delivered through the West Yorkshire Combined Authority than nationally (35%). This was personally confirmed to the researcher in another interview with a council leader of another authority that has not been analysed as part of this thesis.



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<sup>174</sup> See Tom Stannard 'Devolution in the skills arena is about more than fiscal control' Briefing, Local Government Chronicle, 22 January 2015 p.18.

<sup>175</sup> The five panels are Adult Health and Social Care, Children and Young People, Communities, Economy & Environment and Use of Resources.

<sup>176</sup> In this (Case Study 2) authority, scrutiny falls under the remit of the Head of Partnership & Democratic Services.

<sup>177</sup> The Monitoring Officer is usually though not necessarily the Chief Legal Officer (under whatever title) and has specific statutory reporting duties under section 5 Local Government & Housing Act 1989.

<sup>178</sup> It should be remembered that the Scrutiny function operates as part of the Council constitutional structure established under the Local Government Act 2000 and although members are required to consider matters before them on the merits of the case, they are also members of political parties. The party connection may be more important in terms of overview/policy work than for the scrutiny of executive decisions, which may have a greater degree of detachment (Copus, 2004).

<sup>179</sup> From the Head of Democratic & Partnership Services who was concerned that members wished to avoid the Combined Authority being seen as a revamped version of the abolished metropolitan county council (also see footnote below).

<sup>180</sup> It is worthy of note that the new Combined Authorities have been set up to obtain strategic control over matters such as transport, skills and infrastructure. These matters were previously the responsibility of the Metropolitan County Councils that were abolished in 1986. Thirty years on we are arguably back at the same point – perhaps the difference is that with the Combined Authorities there is not another elected tier – as they simply draw from constituent authorities. It is similar with scrutiny pools. It became clear to me that there is no appetite within the local government community for new structures to enable accountability – the only 'show in town' as one participant informally put it to me afterwards is the Scrutiny function under the 2000 Act.

<sup>181</sup> See Annex 4A (Greater Manchester) and 4B (West Yorkshire).

<sup>182</sup> See Section 21 Local Government Act 2000.

<sup>183</sup> Notwithstanding that both case study authorities were keen to stress that they considered scrutiny of executive decisions as important, although in both cases, the overview/policy role was considered important at a corporate level.

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<sup>184</sup> There are sometimes contractual obligations requiring co-operation with Scrutiny.

<sup>185</sup> Obviously co-operation is to be welcomed and quite often voluntary co-operation is to be prized. Even in cases where formal statutory powers exist such as those for the Monitoring Officer and Chief Financial Officer to make formal reports to the Council when they have concerns such formal reports are quite rare.

<sup>186</sup> See 'Councillors at Northamptonshire back biggest transformation in 125 years', Local Government Lawyer, 23 February 2015 accessed at [www.localgovernmentlawyer.co.uk](http://www.localgovernmentlawyer.co.uk) and 'Northamptonshire: County's Direct Workforce could shrink to 100', Local Government Chronicle, 26<sup>th</sup> February 2015.

<sup>187</sup> It is estimated that local authorities as a whole between 2010 to the May 2015 it is estimated that local government will have on average have lost up to 40% of funding (see 'Councils reaching end of the road for managing cuts through efficiency savings' Local Government Association Press Release 12th May 2014), meaning local authorities are under intense pressure to protect front line services – See Quote Q6 (Leader, Case Study 2).

<sup>188</sup> See Figure 6 for structure of the UK Rail Industry.

<sup>189</sup> This was central to both case studies. Case Study 1 (Chapter 8) is concerned with HS2 proposals and the impact it may have for social and economic regeneration in the borough and Case Study 2 (Chapter 9) is concerned with the upgrading of the local rail line and the implications of HS2 and HS3 proposals.

<sup>190</sup> See for instance outsourcing of adult social care in both case study authorities. Quote C3 and Quotes L8/L9.

<sup>191</sup> South West One Contract – See Somerset County Council, 2014

<sup>192</sup> See Figure 6

<sup>193</sup> In this context it is worth perhaps recalling the centrality that politics played in activities of the Leader from Case Study 2. It drove the ambition, the party programme and set the context both for accountability through elective politics and service delivery. This underlines how and why Public Administration is different to business management. The context, priorities and stakeholder expectations are governed by the political dynamic. Furthermore the state has burdens that private business does not have - such as a requirement to provide emergency services, or care services, it cannot easily opt out (Rouse, 1999). This is why the argument advanced by Perry & Kramer (1983)



who argued that business and public administration is broadly the same has been fatally undermined, and Public Administration remains distinctly public and political in character as set out by Dwight Waldo (1948, 1955) and Greenwood & Wilson (1989) for instance.

<sup>194</sup> See Interview with Head of Democratic & Partnership Services Lines 846-847.

<sup>195</sup> See Chapter 7 (Methods) of this thesis and the Personal Impact Statement submitted with it which relates some of the challenges in obtaining primary data for this thesis.

<sup>196</sup> See the Personal Impact Statement that accompanies this thesis which chronicles my longstanding interest in the historiography of the discipline of Public Administration.

<sup>197</sup> Charter'88 was a non partisan campaign group attracting support from all sectors from education, media, clergy etc calling for a range of constitutional reforms including electoral reform, freedom of information, bill of rights, devolution and regional government.

<sup>198</sup> The Hannah Mitchell Foundation is a non party campaign, based in Huddersfield that calls for strong regional government for Yorkshire and the North of England.

<sup>199</sup> This consists of the main centres of Dusseldorf, Koln, Duisburg, Essen and Dortmund together with 10 smaller cities which together account for 15% German GDP (One North, 2014).

<sup>200</sup> It is worth recalling in this context both the political and commercial history of Germany is different and much more decentralised than the UK. The former is shaped by Federalism and the latter reflected in the fact that centres for politics (Berlin), finance (Frankfurt) and heavy industry/engineering (Rhine/Rhur) are all different.

<sup>201</sup> There are eight Core Cities which have over 500,000 population – namely Liverpool, Manchester, Leeds, Sheffield, Newcastle, Nottingham, Birmingham and Bristol. Councils from this group of cities have been lobbying for extra devolution powers and towards the end of 2014 was joined by Glasgow.

<sup>202</sup> There are 26 key cities – which are medium size towns/cities the local council areas of which comprise Bath & NE Somerset, Blackpool, Bournemouth, Brighton & Hove, Cambridge, Coventry, Derby, Doncaster, Hull, Kirklees, Milton Keynes, Newport, Norwich, Oxford, Peterborough, Plymouth, Preston, Southampton, Southend, Stoke on Trent, Sunderland, Tees Valley, Wakefield, Wolverhampton and York.

<sup>203</sup> Each Combined Authority has the Core City as the focus but also covers Key Cities. Each Combined Authority to date has been chaired by a Key City (or at least a non Core City). For example

the West Yorkshire Combined Authority has Leeds as the Core City but is chaired by Wakefield as a Key City.

<sup>204</sup> Knowledge Intensive Business Services which typically provide high value added jobs based in city centre locations.

<sup>205</sup> This explains in part why KIBS jobs locate in city centres and why certain areas have specialist economic sectors which they seek to develop. For instance Leeds City Centre has been attractive to legal firms and the concentration of commercial firms in this small space increases the chance of knowledge spillovers.

<sup>206</sup> Merseyside has 'Walrus' which is said to be the largest smartcard operation outside of London. West Yorkshire has the 'M' Card but with minor exceptions they only operate within the county boundary, whilst many commuters need to travel to neighbouring metropolitan areas to access work opportunities – hence the call from One North to introduce Oyster style ticketing arrangements across the north (One North, 2014).

<sup>207</sup> It was at the heart of the Manchester Devolution Deal in November 2014, the Cornwall Devolution Deal in July 2015 and is the main reason why the local authorities in the Tees Valley seek to establish a combined authority.

<sup>208</sup> The 'Twenty Miles More' campaign has been established through which the local business and political community on Merseyside are seeking to establish a direct link to the HS2 system via Crewe as well as a direct service on the proposed HS3 trans-pennine route to Leeds, York and Hull.

<sup>209</sup> The Leader of Case Study 2 also made reference to the importance of total rail connectivity serving key northern centres, not just Manchester and Leeds.

<sup>210</sup> Gross Value Added is a standard measure used by the Office for National Statistics that comprises Gross Domestic Product but excludes taxes.

<sup>211</sup> This was announced by Secretary of State for Communities and Local Government Greg Clark at County Hall Truro on 17th July 2015. Though a step forward, it fell somewhat short of the original demands from Cornwall Council set out in 'The Case for Cornwall' published by Cornwall Council leader John Pollard in December 2013.

<sup>212</sup> See the editorial of the Financial Times 'Baby Steps on the Long Road to Devolution: The Treasury's grip on UK's overcentralised state must be loosened', 27th July 2015.



<sup>213</sup> Fire Services, Police Services and Waste Disposal continued to be provided on a county basis after the abolition of the metropolitan counties in 1986.

<sup>214</sup> At the time of printing, each county has submitted proposals to the Government for a combined authority, but the Government has asked the question as to whether they should form a combined authority with all three counties – presumably to complement the West Midlands. See ‘Combined Authorities asked to rethink planned boundaries’, Local Government Chronicle, 6<sup>th</sup> & 13<sup>th</sup> August 2015, p.1.

<sup>215</sup> See Budget Statement delivered by the Chancellor of the Exchequer to the House of Commons 8th July 2015.

<sup>216</sup> This complements the role of the Police Commissioner which has been absorbed into the Greater Manchester Mayor and builds on the proposals in ‘Devo Manc’ (Blond & Morrin, 2014) to co-ordinate ‘blue light’ emergency services.

<sup>217</sup> The Chancellor of the Exchequer George Osborne made clear in a speech to Civic Leaders in Manchester on 14 May 2015 that an elected mayor for a city region would be a requirement for other areas to secure devolution similar to the package taken up by Manchester in 2014/2015.

<sup>218</sup> That is ambitious by UK standards.

<sup>219</sup> This is done through the Scrutiny Committee system established under section 21 Local Government Act 2000 and through the scrutiny pool system in which constituent authorities operate a joint scrutiny pool to scrutinise work of combined authorities.

<sup>220</sup> The turnout of 84.6% in the Scottish Independence Referendum (held on 18th September 2014) suggests however that the population may respond in a positive way when they consider the question at issue of sufficient importance. Contrast the turnout of just 15.1% for the elections of the Police & Crime Commissioners in England & Wales (held on 15th November 2012).