

DRAFT (18/6/14)

Contribution to Labour Party Innovation Taskforce Final Report from Cooperative Councils Innovation Network

Introduction

This paper is a contribution to the Labour Party's policies on local government and local public services from the Cooperative Councils Innovation Network.

In our previous submission to the Taskforce we spelt out the costs of centralisation – the lack of freedom to innovate, work effectively with local partners and allocate resources to meet local needs, particularly through major areas of public spending such as welfare. We set out an argument for a new place-based settlement between central and local government where funding enables local service transformation, there is recognition of the importance of local economic growth, and welfare and skills programmes can be delivered locally.

This submission concentrates on how to create a healthy, responsive, democratic system and a new approach to public services that breaks out of service silos and genuinely puts people first. To achieve this we sketch out some crucial new duties and rights which will rebalance our system and enhance public engagement and accountability.

We also sketch out a new role for the locally elected councillor in enhanced direct democratic engagement and in facilitating public and community input into service design and delivery and in shaping local places.

Five key principles

All of our work is informed by the need to define a new relationship between citizens and the state whereby power and resources are located closer to people, where the primary source of action is seen as within society rather than within the state and where the measures of success are in social value and social productivity rather than measures of service delivery.

Our starting point is therefore very different from traditional ways of looking at policy for public services. We have adopted five key principles.

First, we are explicit in our concern about devolving and sharing **power**. We believe that too much power currently resides in the state – nationally and locally – and there needs to be a fundamental and irreversible shift of power (and responsibility) back to people and to society.

We do not assume that the state or elected politicians should always be the decision-makers and wherever possible decisions should be made by those that are directly affected. However, a shift of power will create more responsible and accountable roles for local politicians as the arbiters and facilitators of local demands and resources.

Second, we do not value public service “delivery” but rather the achievement of social value and **social outcomes**. We reject the traditional “deficit” model of public services which starts by asking “what do you lack” to identify “needs” to be met by public services. Rather we take an asset based approach which starts by identifying what resources an individual or community already has and asking how these can be used and built on to meet social outcomes. This requires new skills and new ways of working to build capacity, develop trust and manage demand.

We believe that the scale, structure and delivery mechanisms should follow purpose. A diversity of approaches is healthy and allows for learning and innovation. This new way of working means the role of central government needs to change fundamentally. It should not see its role as developing policy or prescribing outcomes but rather as ensuring that the system works and flourishes. The key role of central government is threefold: ensuring availability of open data on outcomes; promoting and developing skills and helping the system to innovate and learn.

Third, we recognise that value exists in the **relationships** between people and therefore the nature of these relationships is important. We believe that communities, in whatever way they are defined, create identity and social value through the pursuit of common interests.

In order for people to be able to exercise power and choice they need to have social connections and social capital. Individual choice means power is atomised and by default tends to leave power with the central state.

Fourth, we believe that **democratic accountability** matters and there is an important role for elected community leadership at regional, local and neighbourhood level. However, these roles have been underpowered and neglected. There is an urgent need to re-envision the role of community leadership for a new age with an emphasis on visibility, transparency and building trust.

We recognise that there is a genuine fear that devolving power risks creating a “postcode lottery”. There is a clear role for the centre in setting and protecting basis entitlements. However, an over-centralised and bureaucratic welfare state is now achieving the opposite of what was intended – wasting resources, failing to meet needs and in many cases damaging people’s lives rather than supporting them. A concern for **social equity** requires a new model of welfare – decentralised, designed with people rather than for them and geared to building capacity and resilience in communities rather than sucking it out. This

should be underpinned by a new local constitution which enshrines citizen's rights and a new powerful local audit committee to scrutinise public services in each local authority area on behalf of its community.

1. A fundamental, irreversible power shift

We are encouraged by recent statements from Labour that recognise we need a fundamental "power shift". However, we need to be much clearer about what this means and how it will be achieved. The lessons of the recent past show that devolving power is easy to say in opposition but hard to achieve in practice. Centralising instincts are deeply entrenched in our system of government. For Labour to make decentralisation a reality will require clarity of vision, coordination across government and a determination from day one of a new Government to do things differently.

But shifting power from a centralised national state to a centralised local state is not acceptable. The way in which power is exercised must change. Public servants at every level of government need to shift to a new way of working which involves people in decisions which affect them. A Labour Government must break down the "we know best" culture of public management which still exists in many institutions (and in many cases been made worse by automated systems where processes have been "re-engineered" for efficiency).

A significant transfer of power and resources to the regional level is very welcome but by no means sufficient. There must be a clear presumption that power should be pushed down and out to as close as possible to those affected. Down in geographical terms to the smallest unit that makes sense - from regions to local authorities to neighbourhoods. Out - from closed bureaucratic managerial decisions towards open, transparent and participative forums that engage communities and civil society.

Proposal: A new public interest test

A Labour Government will back up its commitment to a genuine power shift by pledging to make decisions in a new way.

For every public decision that is made we will apply a public interest test that combines the principles of subsidiarity and of openness by asking two simple questions:

- Could this decision be made closer to those it affects?
- Could this decision be made by those it affects?

All public servants will be required to demonstrate that they have applied this test and they will be open to scrutiny about how they have answered the questions through Freedom of Information.

2. A new central-local relationship based on social outcomes

Social outcomes cannot be determined from the top down, they should derive from the priorities of local communities. In many areas the most important social outcome is a thriving and prosperous economy and ensuring people have the skills to take advantage of it. Developing local economies and local entrepreneurs, for example to create new markets for Bangladeshi women with textile skills in Oldham or to rejuvenate the market in Brixton, requires local knowledge and local networks.

Outcomes, beyond national entitlements, should be developed with those that they affect – whether this be older people, drug users, job seekers, looked after children or residents of a particular neighbourhood or estate. Policy is not something that can be handed down from on high, but is about working with people to develop the best way of doing things – and it should be adaptive, recognising that constraints, opportunities, behaviour and needs change.

The locus of power and decision-making can vary in different areas, as can the models for managing and organising public resources. We should explicitly recognise that there is value in diversity. The world is complex, communities very widely and there is no one way of doing things. In the organic world diversity is a strength that enables resilience, learning and innovation. As public services reshape, we should embrace this diversity. Rather than government mandating the same methods and structures for the whole country, it should focus on enabling innovation and learning to help local areas achieve social outcomes.

In a decentralised system there is no justification for a Department of Local Government. DCLG, and all central functions that exist to regulate and oversee devolved spending, should be abolished. Funding will be allocated on a place based basis from the Treasury. Central government will retain a regulatory role in ensuring that minimum entitlements are met and there will continue to be a system of legal sanctions to protect the fundamental rights of citizens. However, beyond this local leaders will be accountable for the outcomes they agree locally.

A more varied, decentralised and organic system of public services needs spine organisations to help it to learn, adapt and thrive. Constant meaningful feedback is essential. Learning, innovation, best practice models, evaluation must all be gathered and shared to help optimise the performance of the system. The constant challenge of open information about better ways of doing it, which is publicly available to all those with an interest, is a constant spur to improvement. Central government has a key role in ensuring that information flows freely and is provided in meaningful ways so that local performance can be compared. This will enable local leaders to be help to account. Comparative competition has been shown to be a powerful way to drive improvement.

A more decentralised system requires a high degree of trust so it is essential that public servants are highly skilled and have shared understanding of how to communicate across traditional service silos to solve complex and chronic social problems. All those employed in central and local government (including those working in public agencies and organisations with service delivery contracts) should see themselves as part of a single service working to common public service principles. New skills will be required, for example anyone working locally who has contact with a resident should be able to support them to understand their assets and reduce their dependency on the public sector.

Proposal: Abolish the Department of Local Government and clarify the role of the centre

A Labour Government will immediately establish a new relationship with localities by abolishing the Department of Local Government. Building on the principles of the current civil service reform plan of being more open, more skilled and more unified, a Labour government will introduce a new phase of reform whereby the central civil service is tasked with facilitating behaviour change to deliver social outcomes throughout a decentralised system of public services.

It will establish a new charter for all public servants which sets out key principles of devolution and transparency and creates an enforceable requirement to ensure that decisions are made at the appropriate level in the appropriate way (in line with the public interest test set out above).

This new charter will make clear that the primary role of the centre is to build capacity in three key areas:

- Ensuring that useful data on social outcomes is available to all so localities can be held to account by their communities
- Developing the skills of all those working in the public and social sector
- Creating the conditions for innovation and learning throughout the system.

3. Reinventing solidarity - valuing social relationships and community identity

Our model of welfare is broken. The mechanisms of service delivery - to the poorest and most vulnerable in our community - are not only disempowering, but in many cases positively damaging. As costs spiral, the welfare state Labour established to look after people is now too often locking people into dependency, powerlessness and despair.

We know that social relationships matter. There is a growing body of research that shows how social relationships affect health and wellbeing outcomes, such as life expectancy or ability to cope with stress. We need to use this insight to turn our notion of public services on its head. The starting point for improving health, wellbeing, economic or social outcomes

should be the capacity that exists within communities and social networks. Public services are at their best when dealing with acute problems which require urgent attention – accidents, fires, crime, serious illness. For chronic and long term problems – mental health, drug dependency, anti-social behaviour, elderly who need care, worklessness etc – public services have failed to address the underlying causes or helped people manage their lives and costs are escalating out of control. For these problems, the answers must start in the community itself with those affected. The public sector should work alongside people and communities to support them to develop capacity, resilience and independence, and recognise that the solutions to many of these problems lie in greater economic independence through local growth, entrepreneurship and skills. This is why Cooperative Councils are leading work on local economic growth.

The solidarity of community – the sense of shared identity and belonging which brings commitment to look after each other and work for a shared interest - is what creates the resilience and capacity that communities need to achieve shared outcomes. The outcomes could be tackling problems of public safety and gangs, reducing teenage pregnancies, supporting vulnerable old people or tackling worklessness and lack of skills - but all these problems are complex, deep seated, intergenerational and take community support and commitment to tackle them. Councils, acting with and on behalf of their communities, can make a huge impact on helping to tackle these problems. But they can only do so by establishing different relationships with their communities. This is where innovative Cooperative Councils are taking a lead. For example the Young Lambeth Cooperative is a community owned organisation that puts power in the hands of young people to define what they want to achieve from youth and children's services to ensure public spending is used in the best way. Cooperative Councils have acted as consumer champions by bulk purchasing energy supplies so as to reduce prices for residents.

All public services need to understand and work with social relationships in order to improve outcomes, for example to influence social norms and behaviour, to support vulnerable people and to develop social and economic capacity and resilience in communities. We need a new focus on relationships and making them work. Public servants need to take a completely different role. Instead of seeing their role as delivering services they should see their role as connectors, supporting social relationships and develop social cohesion.

We support power being pushed down to the lowest possible level, and individual choice can be very powerful, but only where individuals can meaningfully exercise this choice. Individual choice should be balanced with social networks and support so there is a genuine transfer of power to the user. There is promising evidence of improved outcomes and savings from approaches which combine personal choice and control with a focus on social productivity. For example, Shared Lives, in which adults are matched with registered Shared

Lives carers and their families, with participants sharing family and community life in relationships which can be life-long, outperform other forms of regulated care and realise significant savings.

Where resources or power are allocated to individuals, for example individual accounts for care or patient choice of hospitals, those individuals should be put in touch with other service users to support them in exercising this choice. Councils should support the development of organisations which help service users connect with each other.

In every contact with a public servant any potentially vulnerable person should be asked about their social relationships – whether they feel part of a community, whether they feel listened to and whether they feel people care about them. People should be offered “social prescribing” to put them in touch with sources of support and solidarity.

Proposal: Every public service should be required to support social relationships and develop social cohesion.

4. Transforming local democratic engagement

There has been a huge amount of change and innovation in the management of public services over the last decades but this has not been matched by comparable innovation in democratic engagement. Community leadership has focussed more on bringing together partnerships of organisations to align services, and less on rethinking relationships and democratic engagement with the public at every level. This perpetuates the feeling that decisions are taken behind closed doors and increases the feeling of disconnect between politicians and the public.

Local councillors are the cornerstone of our democratic system. However for too many their period of office is one of frustration and an inability to influence decisions that impact on the welfare of their constituents.

We also recognise that too many residents see little point in voting in local elections.

We need a major transformation in public and democratic engagement which clarifies the role of local democratic leaders as powerful champions of their communities but also creates new expectations of openness. Where councillors are acting as the leaders for their authority, they have a duty to be visible, to be open, to make themselves accountable and to demonstrate how they are involving the public in all local decisions. The public interest test set out above must be taken seriously in every council as it plans its strategy and commissioning cycle so that local people are genuinely involved from the very beginning in thinking through how to meet local priorities.

Where power is devolved then local institutions need to show they are properly accountable and acting with local consent. There should be a new form of democratic test, but it cannot prescribe specific methods. We believe it would be reasonable to require, that once local authorities have new powers, they demonstrate their accountability and the engagement and consent of their communities by setting a benchmark that 40 per cent of eligible voters participate in local elections. To achieve this improvement will be a challenge in many areas and will require a new focus on openness and democratic engagement on issues which the public care about. Cooperative councils have shown how this can be achieved.

A set of new incentives should drive local political leaders to focus on what matters – the health of their communities, the life chances of their citizens, and trust and engagement that demonstrates that local people are genuinely involved in shaping their places. But crucially these incentives should derive from the public, so they require us to fundamentally rebalance our local political settlement to put power in the hands of the public. We are particularly concerned that the rights of the most vulnerable are protected in a system of devolved decision-making.

We propose a limited number of inalienable rights which must be incorporated and defined in a new local constitution for every area. We suggest the fundamental rights are:

- The right to a home
- The right to education
- The right to access skills, training and enterprise
- The right to live in a safe, clean environment
- The right to information
- The right to be consulted.

These should be seen as both individual and collective rights. Alongside these rights citizens have responsibilities to make a contribution to supporting the rights of others through how they behave and participate in their community.

By creating a new local constitution of citizens' rights, local leaders can engage in an open, positive conversation with their communities about how best to achieve and protect these rights for all. Local leaders act for local people and advocate for these rights, so in many areas politicians and the public will work together to ensure rights for all. However, there will be areas where local people feel that their leaders are not protecting their rights, either because of poor management or political decisions, and in this case they need recourse to an effective and open system of challenge and scrutiny.

Alongside these new rights we propose a new institution with responsibility for helping local people to ensure that their rights are protected and to hold local leaders to account.

Building on the work of the Centre for Public Scrutiny we agree that there should be a powerful new Local Public Audit Committee for every area to scrutinise the work of all public services in a place. This new institution will build on the work of scrutiny committees but it will be independent of the council. Its membership will include local MPs and members of the public, and it will hold local leaders and public services to account. The public will be able to refer matters of concern to the Committee. Its remit will be to ensure that public money is being used effectively and citizen's rights are being protected. All of its reports will be made public.

Where there are genuine concerns about the effectiveness or probity of local councils or other public institutions the Local Public Audit Committee will be able to call in an independent review. This should take place through the independent peer review process managed by the Local Government Association which produces a public report and recommendations with clear timescales for improvement. Where failure is severe or there is insufficient capacity for self-improvement then, following local public consultation on the best option, a new election can be called or functions can be transferred to alternative providers in the public, social or private sector.

As part of our renewal of local government we have to re-invent the role of local councillors to become community champions with a wider remit to challenge and improve the provision of public services in their locality. This will involve a right to information from across the public sector on the costs and standards of public service delivery. Local councillors should have the right to refer examples of poor service to their Local Public Audit Committee for further information. To achieve this local councillors need access to advice and support in their democratic role. Councils should provide for this and also work with local universities and colleges to provide the opportunity for student placements to work with councillors as part of their degree work.

As a group of co-operative councils we recognise that we need to engage our public in the welfare and future of their neighbourhoods. Local ward councillors should be at the forefront of neighbourhood renewal and community initiatives. Examples include Liverpool where local councillors have used their neighbourhood budgets to reduce the cost of composting bins and actively encouraged local residents to take up composting by door to door canvassing. This initiative is good for the locality and good for the city overall in achieving better recycling targets.

We would ask that councils champion all forms of local democracy and elections. A number of our councils have supported Youth Councils and Youth mayors with impressive results. Oldham has incorporated its Youth Council into its constitution with full rights to table resolutions and challenge the Executive. Nearly 10,000 young people voted in its recent elections.

We believe that the current Democratic Services in councils should be much more outward looking with a mission to explain and encourage involvement in local democracy and politics. Every local secondary school and college should have a student council with the ability to influence decisions. We need to make it clear that it's good to vote and elected office is a proud role for as many local people as possible.

Most councillors are hard working and efficient. Some are not and let down their voters. We would welcome a higher threshold of activity (currently the threshold is attending one council meeting every three months) that can trigger a by-election. We would expect all councillors to produce an annual report of their activities that would be available on council web sites

All councillors should have access to training and advice so that they can keep informed of the changing role of local government and how they can improve their service to local residents.

Proposal: Transform local democratic engagement through clear new roles, a new benchmark for democratic engagement, a new local constitution of fundamental rights and a powerful local audit committee.

Summary of our proposals

1. Support a fundamental, irreversible power shift and a pledge to make decisions in a new way that is backed up by a legally enforceable public interest test that combines the principles of subsidiarity and of openness.
2. Establish a new central-local relationship with a focus on social outcomes by abolishing the Department of Local Government and tasking the central civil service with facilitating behaviour change to deliver outcomes throughout a decentralised system of public services. Labour will establish a new charter for central government which sets out key principles of devolution and transparency and makes clear that the primary role of the centre is to ensure that useful data on social outcomes is available to all, develop the skills of all those working in the public and social sector and create the conditions for innovation and learning throughout the system.
3. Reinvent solidarity and value social relationships and community identity by requiring every public service to support social relationships and develop social cohesion.
4. Once new powers and responsibilities have been transferred to councils establish clear expectations for accountability; Transform local democratic engagement by clarifying roles of local leaders; agree a benchmark for 40 per cent of eligible voters

to participate in local elections; establish a new local constitution of fundamental rights in every area, ensure an effective local public champion through a powerful, independent local audit committee, clarify and support the roles of local councillors in their wards and broaden the role of local democratic services.