THE YOUNG FOUNDATION

TRANSFORMING
NEIGHBOURHOODS

The potential for neighbourhood involvement in the design and delivery of public services

A discussion paper by
The Young Foundation

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1. Overview

Improving the quality of local public services is a high priority for government. It has recognised that poor quality services are concentrated in particular neighbourhoods and much can be done to improve local services by involving people in decisions about how services are organised and delivered to their community. Neighbourhood management and other partnerships that bring together local people and mainstream service providers to agree on how to improve services have proved to be an effective way of tackling problems and reshaping how mainstream resources are directed to local needs.

The forthcoming Local Government White Paper is likely to contain proposals for giving neighbourhoods new powers and tools to improve the quality of services they receive locally, including charters and agreements to set out service levels or outcomes, and community calls to action that will enable people to hold service providers to account when services fail or under-perform.

We believe there is a strong argument for more far-reaching and radical changes to how public services are organised and delivered to communities in the future. It is clear that delivering the quality and choice of public services that people want cannot be achieved by central government alone and that there is much to be gained from involving people and communities in the process of designing and delivering local public services.

In this paper we set out recommendations for the localisation of decision-making about public services, and in some cases, where appropriate, the devolution of service delivery to community control. This is a long-term vision that will require a double transfer of power from central government to local authorities to enable them to play a more strategic role in public service delivery, and from local government to neighbourhoods to empower people to make decisions about the services they use in their communities everyday. Our analysis suggests that widespread localisation of public services could bring significant performance improvements and deliver a wide range of benefits to communities; among others, giving people more control over the issues and services that affect their daily lives and creating opportunities for local enterprise and economic regeneration by opening up new local markets for public services. We argue that to achieve such localisation there has to be an effective risk management framework to ensure this agenda does not unwittingly give rise to parochialism or local division in communities.

In this paper we make a series of recommendations for policy changes to support localisation of public services. These can broadly be summarised as follows:

- We set out a model for neighbourhood involvement in public services that incorporates a range of functions and roles for neighbourhood bodies, from planning to commissioning or directly delivering local services.

- We propose a framework of new powers and rights for neighbourhood councils and other recognised community bodies that will provide all neighbourhoods with opportunities to shape the mainstream services they receive through community planning and partnerships with service providers, and for communities with the demand and capacity to play a more direct role in controlling and commissioning a range of local public functions, from managing parks and public spaces to neighbourhood recycling schemes.

- There are considerable risks associated with empowering neighbourhoods to influence decisions or take control of local public services. This paper makes recommendations for a risk management framework that incorporates an enhanced role for "frontline" ward councillors working with neighbourhood bodies that wish to play a formal role in influencing or delivering services, a key role for local authorities working with their partners, and minimum quality and equality standards for neighbourhood governance bodies to guarantee democratic and financial accountability.

- We champion the widespread adoption of progressive procurement practices by local authorities and mainstream service providers that will open up new markets for local public services and enable voluntary and community groups, social enterprises and local businesses to bid for local public service contracts.

2. Neighbourhood involvement in public service delivery: the policy context

In this discussion paper we set out a long-term vision for the localisation and devolution of public services in which individuals and neighbourhoods can play a central role in planning, designing, commissioning and delivering services in their community.

There are strong arguments to support the localisation of public services. Britain, and especially England, is uniquely centralised when compared to other countries and has continued to channel power upwards to central government while elsewhere in the world over the past two decades there has been a wave of radical decentralisation. The lowest tier of executive authority in England covers a population of 118,500 people, roughly ten times the norm in other countries. This often makes local government both too large and too remote from the everyday experience of community life to effectively engage with the diverse needs of neighbourhoods or to provide services that are inclusive, responsive and accountable to very local concerns. Despite their scale, local authorities have relatively little freedom or control over the services they commission and deliver. Tax-raising powers, service targets and performance indicators are controlled primarily from Whitehall, and local government has been excluded from significant influence over key services like health.

A wide range of services are currently centrally managed where local control could bring positive benefits to the community, such as parks, public spaces and play areas. Later in this paper we propose a framework for determining which functions would benefit from local input or management and set out a possible model for localised service delivery. Economies of scale and the need for universal standards are common arguments in favour of centralised services; however, there is no evidence for economies of scale in the main services that have been centralised and very few, if any, consistent economies of scale have been found above the very smallest district councils[1]. At the same time, the economies of smallness are often overlooked. Overall, international comparisons against a range of measures including competitiveness, improved public services and participation in local democracy suggest that centralised governance is often associated with poorer performance and decentralisation with better performance.

Evidence from a range of sources indicates that localised services, whether they are tailored to the needs of local users or controlled and commissioned by communities, can be more responsive to local needs and result in more targeted and effective spending and better service outcomes. There are other important benefits to be gained from localisation in terms of utilising local knowledge and resources, supporting opportunities for community enterprise and localised economic regeneration, and improving civic and democratic engagement.

A number of factors are currently concentrating attention on the potential for neighbourhoods to play a greater role in influencing local service delivery. Government has acknowledged that poor quality services are disproportionately concentrated in disadvantaged areas and improving the performance and management of public services cannot be achieved from the centre alone, and as a result local consultation processes to involve people in discussions about public services are now widespread. Service delivery also features prominently in the government's agenda to empower neighbourhoods, which aims to improve services and renew civic

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[1] Unpublished Prime Minister's Strategy Unit research

engagement by giving people more influence locally. Proposals include charters, enabling neighbourhoods to set out service priorities and negotiate local standards with service providers, and new powers to trigger a public investigation or inquiry where service standards are persistently poor.

We believe there is a compelling argument in favour of a more far-reaching localisation of public services, devolving decision-making and commissioning powers to neighbourhoods to give them new opportunities to influence the design and delivery of mainstream services at a local level, and opportunities to control services in core areas where local involvement is valuable and the risks are manageable. The forthcoming Local Government White Paper and Lyons Spending Review present an invaluable opportunity to critically assess the functions and responsibilities of central and local government and neighbourhoods in relation to public service delivery, and to set out a long-term plan for reform that can be supported by forthcoming legislation.

In this paper we explore the potential for neighbourhood involvement in shaping and delivering public services, in particular:

- What is the potential for neighbourhoods to have more meaningful involvement in decisions about mainstream services?
- Which services could potentially be devolved to neighbourhood bodies to control?
- What are the risks and benefits of greater neighbourhood involvement and how should these be managed?
- What incentives and levers are required?
- And, in the context of the forthcoming Local Government White Paper, what changes and reforms are required to make localised public services a reality?

3. Opportunities for neighbourhood involvement in public services

There are a range of opportunities for neighbourhood involvement in the design and delivery of public services, which vary according to the degree of influence and control that neighbourhoods can have over decision-making. They can be broadly categorised as follows:

- **Influencing mainstream services:** involving citizens and community organisations in influencing the delivery of mainstream services to an area through consultative processes that are led by local authorities or service providers. A number of different approaches are employed to engage people in discussions about services, such as user surveys, citizen panels and patient forums, but decision-making and spending powers are controlled by local government or other agencies.

- **Tailoring mainstream services to local needs:** we have used the term tailoring to describe partnership approaches to improving public services that involve communities and services providers working together to identify local needs and develop localised solutions, such as neighbourhood management or neighbourhood policing. In these situations, neighbourhood involvement tends to be greater than market-research style consultations, with an emphasis on identifying needs through local action planning or other participatory approaches. There is much greater scope for neighbourhood involvement in partnership-working, but decision-making about allocating resources and spending still rests primarily with service providers.

- **Commissioning local services:** neighbourhood bodies, primarily parish councils at present, are empowered to directly control the planning and commissioning of specific local services, funded through a combination of local taxes and grants. Parish councils can provide, maintain and repair basic services such as playing fields, footpaths, streetlighting and community buildings, although many also provide other services such as facilities for children and young people or well-being and social support for the elderly. These can be described as a combination of *top-up services*, where the parish is providing services to fill gaps in provision by statutory agencies such as play groups or support for the elderly; and *delegated* or *taken-over delivery*, where the parish delivers services that would otherwise be the responsibility of the local authority, such as maintenance of footpaths and playing fields. In both cases there is significant potential for bottom-up involvement in planning and decision-making about services that are provided by the parish council, through public meetings or parish planning, a collaborative process led by residents.

- **Direct delivery of local services:** community enterprises, voluntary and community organisations and local private sector businesses already deliver a range of local public services commissioned by local authorities. Some local authorities are reviewing their procurement practices to identify new markets that can be opened up to local contractors, some of which will be reviewed later in this document. However, we believe there is still significant scope to expand the range of public services that could be delivered by local organisations and businesses.

These categories are not exhaustive. Processes and practices for involving people and community groups in decision-making about public services vary from place to place, depending on local authority policy. Evidence of localised decision-making and local control over public services can be found on different scales in different communities around the country, but these examples remain far from constituting mainstream practice. As a result, robust quantitative data about the effectiveness of neighbourhood involvement in improving public services is limited, as are data analysing the true costs of both community engagement with public services and delivering public services at neighbourhood level. However, there is a growing body of qualitative evidence on this topic on which we have drawn in this analysis. This has been supplemented with extensive interviews and discussions with elected members, local government officials and community practitioners and activists that have been carried out by the Young Foundation over the past eight months. Here we briefly review some examples of localised service delivery that have emerged from this process and explore the scope and effectiveness of different approaches.

Current practice: local consultation

Since the mid-nineties there has been a significant increase in the number of local authorities and mainstream service providers using consultation methods to involve people in discussions about public services. Research indicates that 71 per cent of local authorities now use Citizens' Panels, 92 per cent use customer satisfaction surveys and 78 per cent use public meetings as ways to engage voters in these discussions[2]. There are a variety of sources that suggest that public involvement of this type has relatively modest costs and can achieve significant benefits. ODPM (now DCLG) research exploring community involvement in deprived neighbourhoods has identified benefits to the process of service provision, including better local knowledge, easier access to services for users and increased motivation for frontline staff, and identifiable improvements to service outcomes; such as reduced costs, greater user satisfaction, reduced crime rates and fear of crime and increased employment opportunities for local people[3].

Despite the popularity of consultative methods, survey data shows that they engage only a small percentage of the electorate – 6 per cent through Citizens' Panels, 5.6 per cent through surveys and less than 1 per cent through public meetings[4]. There are a number of potential reasons for the low levels of engagement. Research by the Young Foundation has identified that the lack of consistent forms of consultation by mainstream service providers is felt by citizens to be confusing. This is supported by data from ODPM, which found that there were very few examples of service providers using the same structures or procedures to engage with communities; this results in a proliferation of fragmented approaches that are hard to differentiate and raise expectations about the likely outcomes of consultation.

Another reason for low levels of involvement is the common perception that consultative processes are top-down and lack genuine opportunities for people to influence decision-making. Research indicates that there is considerable public willingness to be more involved in decisions about local services, but also suggests that people are far more likely to get involved

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[2] Wilks-Heeg, S, & Clayton, S, (2005), *The State of Local Democracy: political participation and local democracy a comparative audit of local politics in Burnley and Harrogate.* Published by the Joseph Rowntree Charitable Trust

[3] ODPM (2005), *Improving delivery of mainstream services in deprived areas – the role of community involvement*

[4] Wilks-Heeg, S, & Clayton, S, (2005) from Birch (2002), p22

when those opportunities are meaningful. An exploration of trends in political participation at national and local levels published by the Joseph Rowntree Charitable Trust in 2005 indicates there is significant latent interest in participating in local affairs, which manifests as a desire to become more involved in decisions made by local authorities. The study cites survey evidence from ODPM research suggesting that 55 per cent of the population would like to be more involved in the decisions made by their local council, while 17 per cent would be keen to become involved in detailed work with councils in their planning and delivery of services.

While it would be unrealistic to imagine that the majority of voters would want to take an active role in local decision-making, there does seem to be a mismatch between those people who express an interest and the opportunities for them to get involved in a meaningful way. This suggests that the approaches that are currently widespread are not the most effective ways to get people involved in local decision-making. Recent interest in partnership working represents an attempt to go beyond market research-style consultation and establish more meaningful relationships between residents and service providers, with neighbourhood management and neighbourhood policing partnerships providing solid evidence that these approaches are effective for engaging residents and delivering service improvements.

Other community initiatives that are led from the bottom up and focus on collective planning, such as parish plans or estate action plans, also tend to achieve much higher levels of local involvement. Although 3,000 parishes are engaged in parish planning activity, there is no robust quantitative data to indicate the number of parish residents involved or their satisfaction with the process. However, anecdotal evidence suggests that parish planning is a highly effective way to engage large numbers of local people, in some cases 50-60 per cent of residents or higher.

Current practice: approaches to partnership working

Neighbourhood management partnerships have been established with the express intention of improving local services, primarily in disadvantaged neighbourhoods, by joining up services and influencing mainstream services to make them more responsive to community needs. There are now 35 neighbourhood management Pathfinders, which have been operating for between 2 and 4 years, and over 250 areas using some form of neighbourhood management.

The 2006 review of the Pathfinder programme has begun to provide strong evidence that neighbourhood management partnerships have achieved improvements in local services and better working with local partners. Broadly speaking, most partnerships have established good relationships with police, PCTs, environmental services, housing services and local schools. Other mainstream service providers have been harder to engage with, in particular social services, learning and skills councils and public transport authorities. The most significant achievements have been in relation to community safety and environmental services, where improvements have been made in reducing crime and fear of crime and cleaning up neighbourhoods; data shows, for example, that crime has fallen in three quarters of the Round 1 pathfinder areas for which data was available[5].

This review of neighbourhood management describes the programme as being at a "turning point". The Pathfinders have provided convincing performance data to validate the

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[5] ODPM (2006), *Neighbourhood Management – at the Turning Point?*

neighbourhood-level partnership approach, providing evidence of increased community engagement alongside service improvements at relatively little cost compared to other approaches to neighbourhood regeneration. Data from ODPM indicates that the annual management and administrative costs for neighbourhood management Pathfinders range from £10 to £40 per resident per year[6] depending on the size of the neighbourhood, with smaller neighbourhoods tending to have higher costs per head. Non-Pathfinder partnerships have identified similar costs recording figures of £20-£25 per resident per head for an average population of 10,000. Area-wide models can cost more like £2-5 per head.

As funding arrangements for neighbourhood management change, there is now a question about how the initiatives will develop. Some local authorities are considering how best to expand neighbourhood management to other areas, either scaling down the costs to make it more affordable or scaling up the size of areas that are covered to provide more reach for their investment. With fewer dedicated resources available to support neighbourhood management, providing resource and co-ordinating services across larger areas may prove to be the only way for local authorities to sustain the programmes while retaining a particular focus on the most deprived areas. There is some evidence to suggest that small neighbourhood management partnerships find it hard to engage some mainstream service providers, which suggests that engaging services area frameworks may prove to be as or more effective, provided they are configured to engage with and respond to neighbourhoods. Many authorities have identified the value of joint tasking and practical co-ordination arrangements below the LSP, and the introduction of a duty to co-operate should ensure that these are also resourced by partners, as has begun to happen in some places. The challenge will then be to ensure that appropriate frameworks are available for community engagement and influence in relation to such cross-service frameworks.

There is no single solution for maintaining neighbourhood management initiatives in the future, and new funding arrangements may cause tensions for local authorities and their partners. However, established neighbourhood management partnerships are well placed to take on broader responsibilities in communities, potentially taking up opportunities to commission or deliver local public services. Expanding them could provide further opportunities for them to become self-sustaining.

Neighbourhood policing is another example of where partnership working with residents at a very local level is generating service improvements. Reports indicate that resident involvement is helping to target crime more effectively in neighbourhoods, reducing crime locally and increasing resident's satisfaction and sense of security, as the below case study from Tower Hamlets shows.

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[6] ODPM (2006) op cit

TOWER HAMLETS: SERVICES TAILORED TO PROVIDE SAFER NEIGHBOURHOODS

Tower Hamlets' "Safer Neighbourhoods" initiative was created in order to find a sustainable solution to both crime and anti-social behaviour within the community, and was developed in advance similar programmes throughout London. Supported by the Metropolitan Police, Safer Neighbourhoods teams regularly patrol the streets and respond to citizen concerns. These teams consist of a sergeant, two constables and three community support officers. They are overseen by small local groups made up of residents and service providers in each of the eight Local Area Partnerships. The aim of the groups is to ensure that local residents have a direct influence over the problems they want to see confronted in their area. This initiative is seen as an opportunity to have local people, and specifically members of the black and minority ethnic communities, play an increased role in delivering public sector services.

Since the first Safer Neighbourhoods teams hit the streets in 2004, the overall crime figures have fallen by 5 per cent in the borough as a whole, and by 15 per cent in Shadwell alone. The presence of the Safer Neighbourhoods teams has contributed to a 9 per cent fall in the proportion of residents who have expressed crime as a concern. The proportion of Asian residents who cite crime as a concern is 10 per cent lower than the London average.

The Safer Neighbourhoods initiative has influenced how public sector policing services may be employed in neighbourhoods across London. The Mayor's cross-London initiative committed to have four-person community policing teams in all of London's wards by 2008. In February, largely because of Tower Hamlets' success, the mayor pledged £32 million in order to fast-track the process, and the current expectation is that all of the 625 London wards will have these teams considerably sooner than 2008.

Current practice: from partnerships to devolved decision making

Wiltshire County Council has established 20 community planning areas to bring together residents, community groups, elected members, voluntary sector agencies and service providers in partnerships to discuss public service delivery.

The 20 community areas are based on a local historian's work. This identified 20 communities, each clustered around a market town with shared history and geography and serving populations of between 17,000 and 40,000. The framework has been in place for over five years, and has now shaped planning across all public services. Supported by local authority-employed 'Community Planners', partnerships have developed community plans setting out local needs and priorities. The 20 partnerships have developed in different ways, with some becoming development trusts.

Wiltshire is now preparing to pilot a new devolved decision-making structure that is intended to give people even greater influence over a wide range of services by bringing together elected members from parish and town councils, district councils and the county council in a decision-making board that will initially operate alongside the community planning partnerships. Wiltshire County Council has developed a framework to identify the degree and frequency of influence over different service areas that can be afforded to the community area partnerships. To date, the council has identified more than 30 different service areas where there could be scope for local influence through the community area partnerships. These range from strategic issues such as health, economic development and countryside management, to community ownership of assets and cultural facilities and activities.

Birmingham has devolved decision-making and spending powers concerning a range of services to district-level and is now piloting District Area Agreements in the city. Erdington is one of 10 districts, serving a population of 90,000 people in 24 neighbourhoods. A locally-based district manager controls a public services budget of £9 million for leisure, community centres, libraries and play centres. Having identified the natural neighbourhoods across the city, each district works with neighbourhood forums and local bodies to identify priorities for work in their neighbourhood.

Birmingham LSP has also devolved elements of its Local Area Agreement (LAA) to District Strategic Partnerships, which involve elected members, police, PCT, fire service, town centre partnerships, business forums and major neighbourhood organisations. In 2006-7, four districts have been chosen to pilot District Area Agreements. It is hoped residents, community organisations, businesses and service providers will get involved to prioritise district-wide needs and agree on the allocation of resources.

Agreements are structured around the four core areas identified in the citywide LAA: Enterprise and Economic Development; Safer Stronger Communities; Healthier Communities and Older people; Children and Young People. In the short-term, the pilot districts are compiling neighbourhood data to identify priority areas and to establish critical indicators for different neighbourhoods. Across the city, 42 neighbourhoods have been identified as areas for intervention, with 15 receiving additional support to meet improvement targets.

Alongside establishing local delivery groups to monitor performance, districts are using different techniques to develop community involvement in the District Area Agreements. In Sparkbrook, the District hopes to devolve decision-making even further to a neighbourhood forum. If agreed, Balsall Heath Forum would be contracted to deliver LAA outputs for a fixed price, allowing local flexibility about how the projects are delivered. In Northfield, the district is working towards a flexible neighbourhood management model to provide locally accessible services. Erdington has instead established a Community Planning process to encourage people to discuss and determine priorities for the District Area Agreements, using neighbourhood forums, ward-based structures and consultation processes to set out local priorities. The intention is to produce Community Plans that are bottom-up initiatives led by residents and neighbourhood groups, and can feed into the District Area Agreement process next year.

Current practice: locally-controlled services

Some of the strongest evidence about the effectiveness of public involvement in public services comes from the housing sector; tenant involvement and management is widespread, and therefore more evidence is available about the costs and outcomes of engagement.

A report in 2004 from the Audit Commission and Housing Corporation describes a number of business gains from resident involvement in social housing provision, including reductions in tenant turnover, rent arrears and property voids.[7] Case study data suggests that housing estates receiving similar amounts of investment in physical infrastructure but less involvement from the community have been less successful in reducing voids and turnover levels. This report also points to the effectiveness and competitiveness of tenant-controlled housing organisations compared to housing services delivered by local authorities. A review of TMOs against a range

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[7] Audit Commission/Housing Corporation, *Housing: Improving services through resident involvement (2004)*

of indicators shows that the majority performed better than their host local authorities and compared favourably with the top 25 per cent of local authorities.

The government has actively encouraged social landlords to engage with residents and communities and has set out a legal framework for consultation. Alongside this, it is encouraging housing associations in particular to play a greater role in neighbourhoods, recognising that social housing programmes can be more effective if they incorporate housing with other aspects of community life.

Parish councils are the only bodies operating at neighbourhood level that currently have statutory power to directly control and fund a range of basic community services. They are empowered to raise funds through local council tax precepts and to commission or provide a range of local services such as footpaths, streetlighting, bus shelters, playing fields, sports facilities, allotments and community buildings. In some cases they also support the delivery of other services such as village shops, ICT training, play services and social support for the elderly by providing partial funding, community buildings, or access to volunteers.

While there is a lack of analysis examining the effectiveness and economies of services that are commissioned and delivered by parishes whose capacity and potential varies greatly, anecdotal evidence suggests that the best performing parishes can deliver services on a scale that is highly responsive to local needs, effectively filling gaps in provision left by other service providers and often delivered at lower cost than would be possible for the local authority as a commissioning agent. Even the smallest parish councils serving populations of a few hundred to just over 1,000 are able to effectively deliver basic services such as minor repairs and maintenance to local infrastructure, upkeep of public spaces and management of community buildings – issues that cause so much frustration and anger for local residents when not delivered properly.

Parishes are statutorily limited in terms of the scale and scope of services they can currently deliver, but we are recommending they be given a general power of well-being; Young Foundation research with parish councils in Wiltshire indicates that many would be keen to take on responsibility for delivering a wider range of services and managing devolved service budgets[8]. This is a sentiment expressed by other neighbourhood bodies including housing associations, development trusts, NDCs and neighbourhood management partnerships; many of which already act as neighbourhood contractors, delivering local services that are commissioned by local authorities and could potentially commission and manage services as well as delivering them.

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[8] Interviews conducted by the Young Foundation in 2006

Current practice: community-based service providers

A common argument against decentralising public services is the difficulty of identifying elements of an authority-wide service contract that can economically be disaggregated for delivery to a single neighbourhood or community. Lack of data about the actual cost of delivering a service to a neighbourhood is often cited by local authorities as a reason for not varying or commissioning public services at neighbourhood level. This argument is particularly relevant in the case of capital intensive services such as waste management, street cleaning or recycling. However, there is some positive anecdotal evidence that suggests it is possible to disaggregate public service contracts at neighbourhood level, and that contracting these services out to community service providers can bring cost savings and wider benefits to the local community, as the following case study illustrates:

KENT: NEIGHBOURHOOD RECYCLING CHANGING CONSUMPTION PATTERNS

WyeCycle is a community recycling organization located in Wye, Kent. It began collecting paper waste in 1989 and is now involved in many community initiatives promoting recycling and re-use. These include distributing organic vegetable boxes to local homes, encouraging parents to buy re-usable nappies, running a monthly 'swap shop' where people can trade their unwanted goods, collecting green and kitchen waste for compost and running a bio-diesel plant using recycled cooking oil.

The organization currently serves 1,000 households in the town of Wye. Through a combination of recycling and community initiatives, WyeCycle has succeeded in changing local consumption and waste management patterns, decreasing kerbside waste volumes in Wye and the neighbouring village of Brook from 1000 kilos per household per year to an average of 250 kilos per year. As a result the local council has been able to reduce the regular collections for household refuse from once a week to once a fortnight, with WyeCycle being paid the savings made by the council.

WyeCycle has created a sustainable business model based on a combination of revenues from service contracts and grant funding. The organization receives recycling credits from Kent County Council, which pays WyeCycle £39.70 per tonne, and the District Council, which pays 46 pence per household per fortnight. Ashford Borough Council has agreed to pass on to WyeCycle 8.5 per cent of the council's Defra Waste Performance and Innovation allocation, in line with the contribution that WyeCycle makes to the borough's overall recycling levels. Sales revenue of about £4000-6000 a year are generated from compost sales and garden waste collection. In addition, WyeCycle receives a grant from the Shell Better Britain campaign, which supports sustainable development.

WyeCycle's example demonstrates that it is possible for local authorities to economically and effectively disaggregate elements of a service contract to commission specific services from local organizations at neighbourhood level.

In Birmingham, a pilot scheme involving community caretakers has been so successful at responding to local concerns and improving the neighbourhood environment that it has been rolled out across the city:

BIRMINGHAM: COMMUNITY CARETAKERS

In April 2005, the community-based housing association 'Northfield With Local Control' piloted a scheme of community caretakers on its estates, funded through Neighbourhood Renewal Fund (NRF). The caretaker scheme, which offered a quick turnaround on repairs, housing maintenance and estate cleanliness, was so successful at responding to residents' needs that it was rolled out across the city.

Now 'Northfield With Local Control', Birmingham City Council and Frankley Parish Council have teamed together to extend the scheme beyond the social housing estates to the whole of Frankley. The caretaker team have transformed the area, cleaning rivers, tidying up unadopted roads, clearing rubbish and reopening alleyways. The visible presence of the caretakers and the revitalised local environment has reduced anti-social behaviour and improved resident perceptions of safety. In the four months since its inception in November 2005, crime rates have also more than halved in Frankley.

The Frankley community caretakers and Birmingham City Council's Environmental Services officers are both based at the newly formed Frankley depot and work together under a joint tasking manager. In association with the local college, the depot will offer apprenticeships to train disaffected young people from the nearby housing estates to become community caretakers from September.

4. Lessons from current practice

There are a number of important points that can be drawn out from these examples and experiences of localised public service delivery.

First is the issue of scale. The examples and evidence cited here indicate that it is possible to organise some mainstream public services such as policing or recyling so they can be tailored to meet local needs and delivered on a small scale without impacting negatively on either efficiency or costs. It is also possible for local authorities to identify elements of public service delivery that can be disaggregated and contracted out at neighbourhood level without undermining performance, service quality or efficiency. In both cases it is possible to generate improvements to service quality and outcomes that would not be achievable without a localised focus. More importantly, these experiences demonstrate that localised service delivery is practical and productive for some service providers. Due to the focus on tackling crime, community safety and environmental issues in neighbourhood management areas, there has been more success at engaging these service providers in neighbourhood working. It is too early to say whether other mainstream service providers will have as much success at working very locally; however, evidence from neighbourhood management Pathfinder evaluations suggest that once service providers adopt a neighbourhood working model, both management and frontline staff are reluctant to return to previous ways of working:

> "I don't think I could return to my old way of working now that I have experienced working directly in the community like this."
>
> (service provider in Comforth) [9]

Second, there is a need to recognise the fact that public service providers face more challenging conditions in disadvantaged areas. There are complex dynamics at work in communities that are dealing with high levels of unemployment, poor health and education, low quality housing and high rates of crime. In these situations, mainstream service providers need to work together to break the cycle of deprivation, and arguably these challenges in themselves present a strong case for involving people in disadvantaged neighbourhoods in constructive dialogue with service providers. However, it is important to take a strategic approach to public involvement in service delivery in the most deprived areas and focus on meaningful engagement and influence across a wide range of service areas, with a focus on agencies that have so far proved hard to engage. There is a risk that devolving elements of public services to neighbourhood bodies, such as the control of parks or public spaces, could potentially create unintended consequences and undermine other cohesive efforts to tackle community safety or antisocial behaviour. In these circumstances, key public services should be incentivised to work together at a local level.

Third, there is a need to acknowledge that localising decisions about public services will create tensions between community priorities and regional or national performance targets, which could potentially be seen by statutory agencies as an obstacle. Mainstream service providers are more likely to value neighbourhood involvement in services if they can see that local action can support top-down targets and performance indicators. One solution would be to use the LAA

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[9] ODPM (2005) op cit

blocks as a framework for community action planning and service agreements, therefore combining top-down neighbourhood renewal floor targets and PSAs and offering scope for local objectives and targets to emerge around the different LAA themes. This structure could provide neighbourhoods with a clear and recognisable basis for measuring service outcomes and holding service providers to account. As well as pursuing this approach with neighbourhood forums in its 'natural neighbourhoods' across the city, Birmingham is piloting District Area Agreements in four areas in the city. The authority is also proposing to pilot Neighbourhood Area Agreements based on the LAA blocks in Balsall Heath. However, neighbourhoods should have the option to "negotiate out" top-down targets that are not relevant to their particular circumstances, for example removing targets for reducing street crime in areas where this is not a priority.

Finally, localising public services will require a strong commitment to joint working from the key partners in neighbourhoods: community organisations, RSLs, police, councils and other mainstream service providers. Local government and statutory agencies should have clear incentives to encourage community involvement, including greater freedoms and financial rewards, but this should be supported by a duty to cooperate and clear targets that are driven through the performance framework and other stronger levers. In the long-term, one option is to consider the development of Neighbourhood Management Companies/Trusts, which bring the key service delivery partners into a legal framework to underpin the duty to cooperate. Alternatively, a lighter-touch model might involve strengthening the Housing Corporation's voluntary "In business for neighbourhoods" scheme by linking involvement in neighbourhood management to inspection regimes.

5. Towards a model for localised decision-making and service delivery

We believe that, in the long-term, much would be gained from _all_ neighbourhoods having the opportunity to influence decisions about the mainstream public services they receive, and from communities with the desire and the capacity having the opportunity to commission and deliver a wide range of very local public services. It is clear that in many cases centralised public services cannot achieve the improvements or choice that users want, nor match the bottom-up demand for meaningful involvement; and there is a body of evidence to suggest that engaging people in neighbourhoods and tailoring service delivery to communities brings about service improvements without loss of efficiencies. Our analysis suggests there is a strong argument in favour of reorganising the way public services are planned and delivered to increase the scope, frequency and impact of opportunities for people to get involved in localised decision-making, commissioning and delivery of public services.

Research by the Young Foundation in neighbourhoods around the country has revealed a consistent set of priorities and concerns for local residents[10]. People want much greater control over the issues that affect their day-to-day experience of community life, in particular crime and community safety, grime and the quality of public spaces and lack of facilities for children and young people. In some communities there is also interest in greater control over well-being and social support services for the elderly and vulnerable, recycling, and possibly even parking. It is reasonable to argue that neighbourhoods should be able to influence these decisions, and those with appropriately constituted bodies or associations could take control of planning, decision-making and delivery of these types of services without the risk of significant inequalities or negative impacts on other nearby communities. However, people should also have the opportunity and should be encouraged to take an active role in shaping all the mainstream services they receive, including those services with a less obvious relationship to their immediate environment.

We propose a framework of new rights and powers for neighbourhood bodies that in the long term will create widespread opportunities for people to play an active and meaningful role in shaping mainstream public services and will give citizens the opportunity to be in control of some very local public services. However, it is important to recognise that localising services should be an evolutionary process that builds on existing practice and capacity and enables communities to get involved in different ways and at different times according to their own needs, interests and capacities. Residents and communities will need new skills in order to take full advantage of the opportunities for involvement and decision making that localisation presents, as will elected members, council officers and staff and decision-makers working in statutory agencies and their contractors. Building the capacity of all stakeholders is a significant task that should not be underestimated. However, this investment should not be viewed as an isolated cost or as an obstacle, but as route to supporting well informed and capable citizens and communities that are able to participate fully in local decision-making and political life. In Seattle and Portland, Oregon, the city authorities have invested in civic education to provide residents with the skills needed to take an active part in local decision making about a wide range of civic issues. The schemes have run through schools and adult education classes, and anecdotal evidence suggests that, in Portland at least, the programmes have had an impact on levels of participation.

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[10] Interviews conducted by the Young Foundation between October 2005 and March 2006

Neighbourhood management and other approaches to partnership working have a particularly important role to play in such an evolutionary approach to localising services. Partnerships offer communities the chance to have a strong role in improving local services through collective planning and decision-making without the need to take up new powers to control or deliver services. Partnership working could be seen as a stepping stone towards establishing new neighbourhood bodies and taking on greater responsibilities, giving residents the opportunity to develop experience and skills during the process.

Localised public services: a framework of rights and powers for communities

We propose the following framework of new rights and powers for neighbourhoods:

1. **Influencing mainstream services:** Neighbourhood bodies should be given **new rights of consultation and participation** to enable them to influence how mainstream services such as health, education or social services are planned and delivered authority-wide.

   This should include: the right to participate in area or district-wide forums that are led by a local authority and, where decisions are made, about service provision; and the right for community, parish or neighbourhood plans that are facilitated by a recognised neighbourhood body and produced through bottom-up collaborative processes to be acknowledged and considered in relation to area-, district- or borough-wide community plans and Local Area Agreements.

   In practice, this means creating or opening up structures that will facilitate widespread community involvement in discussions with local authorities and mainstream service providers about how services are provided to neighbourhoods and allow residents to influence these decisions, where possible re-shaping services or re-allocating spending to meet local needs and priorities. For example, this could mean using collaborative community planning processes to identify neighbourhoods that are in need of specific health services and redirecting mainstream spending towards those areas in the form of new outreach services or longer surgery opening hours, or to identify priority neighbourhoods for additional policing resources in the form of Community Support Officers or neighbourhood wardens that are funded by BCU budgets.

   Practically, empowering neighbourhoods to influence how mainstream services are allocated requires a strong link between neighbourhood planning initiatives and area-wide governance structures that can openly and transparently review the priorities of individual neighbourhoods in relation to the well-being of neighbouring communities and facilitate decision-making about resource allocation. Neighbourhood Area Agreements or planning processes that reflect the structure of LAAs should be encouraged.

   There is some value in considering how local authorities and mainstream service providers could collaborate to develop integrated consultation mechanisms at community or area-level. This is not to suggest that there should only be one route or one opportunity for people to get involved in decision-making about mainstream services, but rather that the current diversity of consultation mechanisms that service providers use causes considerable confusion.

2. **Tailoring local services:** Neighbourhood bodies should be given **new rights to establish partnerships and negotiate agreements** with local authorities and service providers where there is scope for public services to be tailored or varied to reflect specific local concerns. This could apply to neighbourhood policing or environmental services, where it is likely that local needs may vary significantly from community to community and specific priorities and outcomes can be identified. This could involve focusing neighbourhood policing resources on localised drug crime or problems with anti-social behaviour, or tailoring street cleaning services to support policing and community safety efforts by focusing on removing fly-tipping or graffiti. Many area-wide services such as street-cleaning or policing are already varied from neighbourhood to neighbourhood based on needs and local circumstances. Including public priorities as a further basis for their variation is therefore not impossible; indeed, it often happens already.

    In this situation, service providers might be statutory agencies or private contractors who are delivering services on behalf of a local authority. Neighbourhoods should have the right to engage both agencies and contractors to negotiate agreements setting out the level of services that communities can expect to receive, whether these are in the form of Service Level Agreements or a more informal agreement without "teeth" between residents and contractors. In the case of the latter, informal agreements could be used by local authorities as evaluation or feedback mechanisms about contractor performance, analysing satisfaction with the quality of public services against outcomes specified by the community, or to review contractors' efforts to engage with the neighbourhood and reflect local priorities.

3. **Controlling and commissioning local services:** We propose that **neighbourhood bodies are empowered to take control of a range of very local public services** (set out on page 23). This should include the power to directly provide top-up, non-statutory services where there are clearly identifiable unmet needs in the community, and to take control of devolved services as managing parks or public spaces, where there would be value to the community or where local authorities or contractors are failing to provide an adequate service that a neighbourhood body could provide more effectively.

    In practice this means that neighbourhood bodies should be able to act as commissioning agents, working in partnership with residents and community groups to identify needs, managing grant funding and devolved service budgets, letting contracts for local services, and monitoring performance. Providing top-up services may involve a neighbourhood body securing grant funding to commission youth outreach work or play services from a local community organisation, while a neighbourhood council taking over the management of a public park from a local authority could involve establishing a partnership between a community-based environmental charity and a social enterprise or local business, letting a contract, agreeing service standards with residents, and monitoring performance.

4. **Direct delivery:** Neighbourhood bodies should have **the opportunity to deliver and manage a range of local public services**, either directly as in the case of parish councils who manage community assets, or as local contractors delivering neighbourhood services such as parks management or street cleaning. We recommend that local authorities are encouraged to adopt progressive procurement policies that will open up markets for the delivery of local public services to a wide range of neighbourhood organisations including community enterprises, voluntary groups and local businesses.

5. **Challenging mainstream service providers:** Neighbourhood bodies should have **new powers to challenge local authorities and mainstream service providers about performance** when services fail or do not meet agreed service standards. A range of tools should be available to neighbourhood bodies to help them to tackle problems with service performance. These should include being able to participate in neighbourhood- or area-level scrutiny of mainstream services (where such structures exist), to publicly call service providers to account concerning persistent problems with poor services (one route could be to enable appropriately constituted neighbourhood bodies to call senior officers and representatives from public service providers to attend public meetings in the event either service levels are not met or communities are not being consulted or given the opportunity to participate in relevant decision-making forums), to ask that a time-limited neighbourhood inquiry be initiated or to make a community call for action via the ward councillor.

While we believe that neighbourhoods should have greater powers to control services that impact on the quality of everyday life in communities, we are not advocating that neighbourhoods become totally autonomous or that all public services should be locally-controlled. There are significant risks in devolving decision-making and spending power to neighbourhoods, in particular in neighbourhoods where there are strong social, ethnic, racial or religious tensions. In these situations, it is easy for local issues such as control of a community centre or access to youth services to become highly politicised and to inflame pre-existing neighbourhood problems. There are valuable lessons to be learnt from previous attempts to devolve decision-making and delivery of public services to neighbourhoods: among the many problems encountered were tensions between communities, in-fighting and significant inequalities in services. Baronial tactics, central government obstruction, failures to retain a strong centre or to mainstream neighbourhood activity or over-large budgets often caused problems. Many of the conflicts were caused by neighbourhoods being given control of strategic services that required central management and oversight, such as allocation of social housing. Neighbourhood bodies that are involved in service delivery need to be closely networked to local government – in the next section we set out a framework for managing these risks.

It is clear that local government has a critically important role to play in planning and managing the delivery of strategic services, in particular to minimise the risks of tension between neighbourhoods, to ensure equity of provision and accountability in core areas such as health and education and to provide leadership and appropriate structures to actively engage citizens in influencing these services.

Although significant, the number of core services that absolutely require local authority management are relatively limited. This leaves scope for a wide range of services with a strong spatial relationship to neighbourhoods to be controlled by communities with appropriate governance structures in place. These can broadly be described as liveability services, and, as previously described, there is significant demand for greater control over these issues:

- **Community safety** – provision of infrastructure to support and improve community safety, including street lighting or traffic calming measures, and potentially funding neighbourhood wardens to work alongside neighbourhood policing teams.
- **Public space and civic infrastructure** – provision, maintenance and repair of civic infrastructure including footpaths, parks, playing fields, community buildings, road signs,

traffic calming measures and parking; provision of services to tackle grime and environmental issues, including community recycling schemes, litter collection or removing graffiti from public spaces.

- **Youth and play** – provision of non-statutory, top-up services for children and young people, including play centres, youth services and sports and leisure facilities.
- **Community support and well-being** – a range of non-statutory, top-up services to promote community well-being such as ICT training for adults or support services for the elderly (e.g. healthy eating or fitness classes).

Figure 1: A Model for Localised Delivery Services

Source: Young Foundation, April 2006
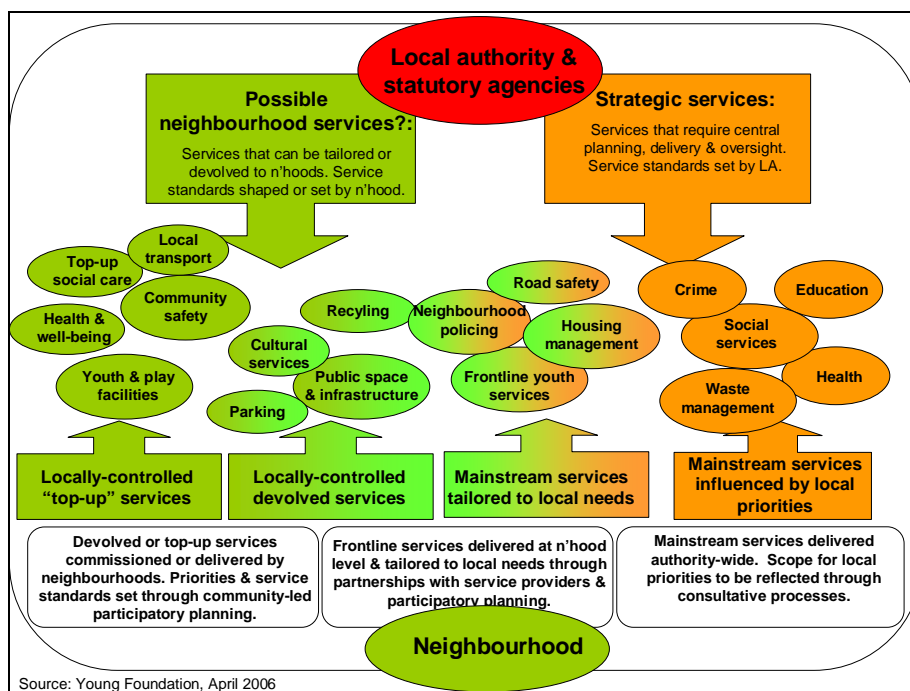
Over and above these basic liveability areas, most public services such as housing management, policing and youth services will have at least some elements that could be effectively carried out, located in, or devolved to neighbourhood level, whether this is a frontline management function or part of a contract that can be disaggregated and delivered locally. Knowsley has developed a framework to assess where most value can be added to public services from neighbourhood involvement, location or delivery to identify the type and extent of involvement that communities can have in public services. Local authorities should be incentivised to develop and publicise a "Communities in Control" offer, making clear which aspects of public services could be contracted out or delegated to neighbourhoods. With this model, local authorities are able to retain a strategic overview of local service delivery, potentially gathering intelligence about local needs and priorities and using this data to specify service contracts and monitor performance. If neighbourhood bodies want to take control of services falling outside these categories, the local authority should decide if this is appropriate, turning down requests if they feel that localizing services will cause inequities or conflicts.

This model is intended to be indicative of the possibilities for devolved service delivery and decision-making. In the long-term, neighbourhoods with appropriate governance structures and risk management frameworks in place should have the right to demand that certain local liveability services are devolved, along with the accompanying budget. Local authorities should be incentivised to generally respond positively to requests in these core areas, following checks to ensure that neighbourhood bodies meet minimum standards and that devolving services will not put any aspect of a community at risk.

Importantly, the degree of localization should depend on the level of demand from neighbourhoods. Interest, appetite and capacity are likely to vary from place to place depending on the quality of services that neighbourhoods currently receive and the willingness and capacity of community organizations and volunteers to get involved. It is important that neighbourhood bodies, in particular voluntary and community sector organisations, do not get pushed into inappropriate service delivery. Some neighbourhood bodies will want to commission services, others such as community enterprises will want more opportunities to bid for local contracts, still others will want greater opportunities to influence services through more opportunities for deliberative engagement. It is important that any model for neighbourhood service delivery is flexible enough to reflect these differences and to adapt and evolve as neighbourhoods' priorities and interests change over time.

Incentives and Levers

The forthcoming Local Government White Paper presents an opportunity to redefine the role that local authorities and neighbourhoods play in public service delivery and to set out a framework of incentives that can create the impetus for change. Government faces a number of challenges, including how to encourage and support change in a system that needs to develop capacity over a long period of time, shift resources to support neighbourhood renewal and community engagement, and, in the longer term, fund public services, from central to local government.

There is a risk that neighbourhood involvement in public services may remain on the margins unless there are suitable incentives in place to encourage joint working between service partners, local authorities and communities. This suggests a combination of both rewards and levers that relate to both the tools and structures authorities should use, as well as the outcomes that are desired. Such a framework should include:

- **Incentives** – in the form of financial rewards and freedoms and flexibilities to set targets locally.
- **Levers** – reviewing LAAs and the neighbourhood dimension of funding, using local outcomes, PSA targets and inspection to bring neighbourhood engagement in public services into mainstream practice.

6. Governance structures and risk management

We are proposing clear new powers for neighbourhood bodies to be defined at local and national levels, matched by minimum standards of good governance and frameworks for risk management. We are in favour of democratically elected governance bodies taking the lead role in neighbourhoods whereever this aligns with local capacity and public priorities, and propose that the parish model is reformed and modernised to enable neighbourhood, village and town councils with incentives to work collaboratively with strategic local government.[11]

There are number of reasons for favouring a neighbourhood council over other models, including democratic accountability, a direct relationship to local government and the ability to fund community services through local taxation. Parishes are already empowered to directly deliver a range of liveability services and to raise taxes to fund service provision. Reforms could strengthen these powers to widen the range of services that neighbourhood councils are able to deliver directly, increase tax-raising abilities and create new powers for councils to collaborate with service providers and hold them to account. We propose that neighbourhood councils are given greater powers to raise and spend budgets locally by increasing their ability to precept with the consent of residents, primarily for liveability services, but also for the general well-being of communities. Neighbourhood councils should also be able to generate revenues from community services such as parking. A proportion of these funds could be paid to the principal authority and the rest retained for spending on community services.

Parishes are often criticised for being outdated, inward-looking and unrepresentative compared to other more dynamic community organisations. Undoubtedly, this is true in some instances. Research in 1998-2001 by the University of Wales shows that almost two-fifths of parish council elections did not attract sufficient candidates to fill available seats (a figure which had doubled over the preceding decade), and the requirement for contested elections presently excludes most areas from achieving "Quality Parish" status. Contested ballots were required in only 28 per cent of cases, and in a third of wards only one person was nominated for each available seat. These weaknesses point to the need for a robust quality framework for empowered neighbourhood councils who wish to take an active role in influencing and commissioning public services. There are considerable risks associated with service delivery, not least poor performance, financial mismanagement, conflict between communities and corruption. The present Quality Parish framework is useful, but not adequate for the enhanced powers and functions we are proposing for neighbourhood councils. We recommend that it is reformed and updated to set out minimum performance and administrative standards that are a requirement for any neighbourhood council wishing to deliver, commission or influence local public services.

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[11] See parallel paper on "Local Democracy and Neighbourhood Governance"

We are proposing a new quality framework for assessing good governance with three key elements:

1. **Quality Democracy** – tests requiring that neighbourhood councils have a democratic mandate, conduct regular public meetings and are transparent in their dealings and correspondence; this test could also require that neighbourhood councils have a duty to consult with communities about service provision and, where there is local demand, facilitate participatory planning processes to set out neighbourhood needs and priorities.
2. **Quality Administration** – tests requiring that neighbourhood councils meet standards of financial openness and transparency and have a duty to comply with the Disability Discrimination Act and Race Relations Act, in particular to promote equal opportunities and good race relations; this test should also include adequate administrative processes, such as retaining a qualified clerk.
3. **Community Power** – tests requiring that neighbourhood councils invite their frontline ward councillor to join as a condition of accessing devolved service budgets; by sitting on a neighbourhood council, the frontline councillor can provide a direct link to the local authority and also bring a broader view of community needs to discussions about service provision.

This framework is set out in detail in the Young Foundation's paper *Local Democracy and Neighbourhood Governance (2006).*

However, there are also risks associated with placing ward councillors at the heart of new neighbourhood arrangements. Many ward councillors are already overburdened, and there is significant variation in the capacity and performance of councillors around the country, plus political tensions may arise from ward and parish councillors having to work together. While in many cases ward councillors are active advocates for the neighbourhoods they serve, there are as many situations where councillors are not engaged with their communities or are distanced from decisions made by the local authority executive or LSP, and are therefore unable to advocate effectively for their neighbourhoods.

Our analysis suggests that there is a need to review the current role of ward councillors and the support and rewards they currently receive. We are in favour of developing a new "frontline" role for ward councillors with new responsibilities for community engagement and advocacy, decision-making and scrutiny. In return for these increased responsibilities, frontline councillors should have access to greater resources, officer support and rewards. It is likely that many frontline councillors will require significant support and capacity-building to fulfil this new role, in particular in relation to specific skills needed to facilitate action planning, negotiating service agreements, commissioning and monitoring local public services and building the capacity of neighbourhood councils and other neighbourhood bodies to act in these areas.

There is a strong argument in favour of investing in a far-reaching capacity-building programme to support frontline councillors who will be involved with local service delivery, also including local authority officers, senior decision-makers in statutory agencies, the third sector and, perhaps most importantly, community capability-building for residents to encourage active citizenship and participation in local decision-making.

Recognised neighbourhood bodies

In the absence of a neighbourhood council, other recognised neighbourhood bodies that meet minimum conditions of good governance should also have rights of consultation and participation and be able to manage delegated service budgets. This approach would open up opportunities for neighbourhood management partnerships, community housing bodies, development trusts, NDCs or other bodies to influence or commission local public services.

Neighbourhood management partnerships and community housing bodies may be particularly well placed to take on more responsibilities for influencing, monitoring and commissioning local public services. The government has recognised that social housing programmes can be more effective if they incorporate housing with other aspects of community life, and research evaluating the neighbourhood management Pathfinders has acknowledged that in some cases there is growing interest in the partnerships playing a more formal role in commissioning or monitoring local services.

In both of these situations, new responsibilities for neighbourhood bodies need to be accompanied by greater accountability and more formal responsibility to their communities. However, the range and scope of community organisations that exist in any one neighbourhood can be bewildering for residents. We advise that one community organisation should be recognised as a lead body in a neighbourhood to facilitate action planning or to develop partnerships with service providers. In the Young Foundation's paper *Local Democracy and Neighbourhood Governance* we set out detailed conditions for introducing this "recognised" status, which are built on six principles:

- Recognised neighbourhood bodies should have a *neighbourhood majority* on the board.
- The body should win a *neighbourhood mandate*, indicated through support through a petition and public meeting and open to challenge.
- The main purposes of the body should include *articulating collective voice and promoting local well-being* for the neighbourhood.
- It should have a *recognised neighbourhood focus*, identifying boundaries based on the local map of neighbourhoods and natural communities, which needs to take account of and establish mechanisms for dealing with high levels of segregation and substitute incentives for cooperation for pressures toward competition.
- The body should operate according to *standards of openness, participation and inclusion*.
- The body should *engage constructively with local government, service providers, and the wider area* as appropriate, while being clearly autonomous from public authorities.

However, a range of other neighbourhood organisations could be involved in local service delivery, contracting either with the local authority or at neighbourhood level.

7. Tools and practices for improving local services

A wide range of tools and practices should be available to all neighbourhood governance bodies to improve local public services. These should include:

- **Neighbourhood charters and agreements:** All neighbourhood bodies should have the right to negotiate partnership agreements with local authorities and service providers to set out the service standards that communities can expect to receive. Agreements should be based on widespread community participation to agree priorities and concerns, and could clearly state what course of action can be taken when services fail or standards drop below agreed levels. Where a local council is the lead partner in negotiating service agreements, it should be responsible for monitoring service outcomes against agreed targets or desired outcomes. This approach would need to both build on and strengthen the purchase and reach of the parish charter tool, which has in many cases not lived up to expectations. Other examples of similar agreements can be found in a variety of communities around the UK, including estate agreements, neighbourhood charters, Community Service Agreements and service level agreements.

- Research indicates that the process of negotiating the agreements can improve both the relationship between neighbourhoods and service providers as well as service outcomes. A case in point is Sheffield's Burngreave NDC, where after years of stalemate and mistrust the "Advancing Together" agreement established baselines for mainstream service provision level that enabled NDC funds to be transparently dedicated to achieving better outcomes in particular areas.

- **Collective planning:** Most service agreements are based on some form of collective action planning to establish baselines, problems and priorities for improvement. Participatory planning is widespread in neighbourhood renewal partnerships and parish councils, a third of which have produced parish plans since the initiative was established in 2001. Neighbourhood bodies should be able to facilitate community-led plans and have the right for these to be acknowledged and considered in relation to area-, district- or borough-wide community plans and District or Local Area Agreements.

- **Community Calls for Action:** The government is currently considering proposals for how the Community Safety Call for Action could be adapted for wider use by neighbourhoods. We feel that neighbourhood bodies should have the right to initiate or request a community call to action via their ward councillor or neighbourhood council as a last resort if they experience persistent problems with service standards and other problem-solving tools are failing to address the problem.

- The process involves demanding that action is taken to investigate and, if possible, address a problem. The call should establish a right to audience, investigation, reasoned response and action only as appropriate – in general, triggering a process of governance rather than direct change. That process will need to be carried out with some speed and to some effect if it is to be meaningful and satisfactory for citizens.

- Individuals and groups should be able to trigger a call for action by presenting evidence of a persistent issue to their elected representatives. A range of responses should then be available to councillors, including taking direct action to address straightforward issues such as removing rubbish or cleaning up fly-tipping, facilitating discussions between a neighbourhood and its service providers, initiating a neighbourhood inquiry, referring a problem to neighbourhood or principal authority scrutiny, or if necessary taking it to the ombudsmen.

8. Direct delivery: opening local markets to neighbourhood organisations

Voluntary and community sector organisations already play a vital role in delivering services to neighbourhoods, some of which are commissioned by local authorities or statutory agencies, while others are provided as a direct response to the needs of specific groups of people who, for whatever reason, are outside the remit of state services. In many cases, voluntary and community organisations who are providing services also fulfil a much broader function, acting as advocates for marginalised or vulnerable groups and as facilitators of community activism or social enterprise.

Central government has recognised the value that voluntary and community organisations can bring to local public service delivery. The Treasury's Cross-Cutting Spending Review of 2002 identified a range of benefits that the third sector can bring to public service delivery including: in-depth knowledge and experience of community needs that can be used to provide very tailored services, in particular to sectors of the community that might be hard to reach for the state; ability to draw on a local workforce, potentially providing opportunities for the long-term unemployed to develop new skills and work in the community; and to provide small grants, training, business planning or other support to help fledgling community enterprises and contribute to the economic regeneration of neighbourhoods[12]. The Spending Review identified five areas for reform to enable local and central government to work more effectively with the third sector to deliver services. The Home Office and ODPM continue to actively seek ways to build the capacity of the expanding opportunities for the third sector to bid for public service delivery contracts and to ensure that this becomes mainstream practice across all government departments. This includes significant efforts from the Home Office to build the capacity of the third sector, enabling organisations to become financially sustainable and less dependent on grant funding, and to support full cost recovery for community service providers.

There are still obstacles that prevent community groups and social enterprises from delivering more local public services. Problems that are commonly encountered by community organisations include: the complexity and bureaucracy of competitive tendering processes, lack of skills and specialist knowledge required to develop sustainable and competitive tenders, lack of information about the opportunities available for third sector contractors and issues with short-term funding and payment in arrears. These issues are compounded by the fact that many local authorities do not actively encourage commissioning from the third sector.

More inclusive and progressive procurement practices are needed in local government if the volume of services delivered by community-based organisations and enterprises is to increase. Some local authorities are introducing more progressive procurement practices. Sheffield is developing a strategy to expand opportunities for social enterprises to bid for public service contracts. Work is underway to map the activity of social enterprises in the city, review procurement and policies to identify ways to increase opportunities for social enterprises to bid for competitive tenders and develop a council strategy to identify future opportunities for social enterprises to deliver public services. Parallel work is being carried out with Sheffield Wildlife Trust to develop more sustainable approaches to contracting. By supporting social enterprises in the city, Sheffield sees an opportunity to link public service improvements with social inclusion and economic regeneration targets. Sheffield has a very active social enterprise sector

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[12] *Improving delivery of mainstream services in deprived areas – the role of community involvement,*
SQW/ODPM/Home Office, September 2005

working across a range of different locations and service areas, with many enterprises involved in training and job creation schemes that help to bring excluded groups into the local labour market. Data from council sources shows that social enterprises in Sheffield employ the highest ratio of local labour compared to other contractors. In some cases, rates as high as 60-80 per cent are being achieved regularly in addition to apprenticeship training programmes.

Sheffield City Council is also a member of the Community Procurement Forum, established by Sheffield Community Enterprise Development Unit (SCEDU) to facilitate collaborative working on procurement between South Yorkshire's local authorities and representatives of the third sector. As a consequence, the local authorities have agreed a baseline of spend through social enterprise from their existing procurement budgets. As part of the forum, SCEDU has also developed a 'Tender Readiness Toolkit' for local organisations who are seeking to enter the procurement arena. The toolkit outlines the potential options for organisations to pursue in sustaining existing activity and assesses their fitness for social enterprise in public services procurement.

Other examples of forward-thinking commissioning strategies can be found in work by Tower Hamlets and Waltham Forest, which have developed frameworks for commissioning services from the voluntary sector that seek to tackle many of these problems described earlier. Tower Hamlets has had a Third Sector Commissioning Code of Practice in place since January 2003, which sets out the process for funding community and voluntary groups through both service contracts and grant funding. Waltham Forest launched a Voluntary and Community Sector Funding & Commissioning Programme in 2005, which sets out priority service areas for funding and establishes criteria for assessing the social value of community-delivered contracts. Both frameworks acknowledge the value that the third sector brings to public service delivery and set out minimum standards for community organisations or enterprises that wish to bid for contracts, such as public accountability, financial transparency and appropriate employment practices.

All local authorities should be encouraged to adopt third sector commissioning strategies that acknowledge the broader social value that voluntary and community organisations bring to public service delivery, and commit to expanding opportunities for these organisations to bid for contracts. However, contract funding should not be a replacement for grant funding for the third sector. Many community and voluntary organisations are apprehensive about the government's drive to increase the sector's involvement in delivering public services and fear that they will be pushed into service contracts. Research from a number of third sector sources indicates that the government's current emphasis on funding through service contracts is putting voluntary and community organisations under increased pressure. A survey of bassac's membership conducted in 2005 indicates that 58 per cent had seen grant funding for community initiatives reduced in the past three years, and 56 per cent had seen grants replaced by contracts and service level agreements. Half of the organisations interviewed felt that their independence had been compromised and their ability to be innovative reduced[13].

However, voluntary and community sector organisations need encouragement and support to develop long-term business plans, and service delivery potentially offers financial sustainability. Clearly some third sector organisations want to take on public service delivery, and local authorities would benefit from supporting those that do by opening up new markets and

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[13] Survey data from bassac, conducted in 2005

changing procurement practices to accommodate their particular needs. Arguably, there needs to be a radical change in attitude and behaviour in central and local government for this to be a reality. The emphasis on centralised procurement and efficiency, effectiveness and productivity indicators needs to change to incorporate the social values that third sector service delivery can offer, such as community engagement or local job creation, and commissioning from the third sector needs to be mainstreamed across local government and all central government departments. The most effective way to achieve this would be to adapt local government's performance framework to incorporate new indicators. However, there is an underlying tension between the efficiency agenda, which is striving for greater centralisation of procurement, and the neighbourhood agenda, which is aiming for localised service improvements and community empowerment; the two will be hard to reconcile. The evidence gathered in this report shows that localised services can deliver efficiencies and cost savings alongside broader social benefits. Investment in neighbourhoods needs to be seen as a route to efficiency and potential cost savings, not just an expense.

It is also important to acknowledge that many community organisations do not want to deliver public services and can provide most value by fulfilling an advocacy or community development role. These organisations will still need access to long-term grant funding to be sustainable.

9. Conclusions

There is a strong argument in favour of localizing public services and empowering neighbourhoods to play a much greater role in controlling and influencing the public services they receive. There is considerable public interest in getting involved in decision-making and willingness from neighbourhood bodies to take on responsibilities for managing and delivering devolved services, neither of which are currently matched by meaningful opportunities to get involved.

In summary, we recommend:

- A new framework of powers and rights at local and national level to enable neighbourhood bodies with appropriate governance structures to commission or deliver a wide range of local liveability services, and act as a vehicle for residents to influence decisions about mainstream services through new rights of participation and consultation.

- Establishing minimum governance standards and risk management frameworks for neighbourhood bodies that wish to take up opportunities to commission or deliver local public services. These should include a requirement to work with frontline ward councillors to access delegated services and budgets, democratic accountability, financial transparency, public accountability, a duty to promote good race and community relations and a commitment to facilitating community-led collective planning processes such as neighbourhood plans or charters.

- Local government have greater freedom and control over regional public services, including the ability to set more service targets locally and to determine which services can be devolved to neighbourhood bodies.

- Encouraging the widespread adoption by local government of progressive procurement policies that open up markets for local public services and actively support the commissioning of services from neighbourhood bodies, voluntary and community organisations, social enterprises and local businesses.

- Creating a framework of incentives and levers that will encourage local authorities and service providers to commit to working with communities to localise public services, including: a duty to cooperate place on all service providers and statutory agencies, financial rewards for local authorities and freedoms and flexibilities to set targets locally, creating a neighbourhood block in LAAs, using PSA targets and inspections to bring neighbourhood engagement in public services into mainstream practice.

- Developing new indicators for local government's performance framework that reflect the social value neighbourhood organisations can bring to the delivery of local public services, such as opportunities to promote local job creation and community empowerment.

The Young Foundation is a unique organisation that undertakes research to identify and understand social needs and then develops practical initiatives and institutions to address them. The Transforming Neighbourhoods programme is a research and innovation consortium on neighbourhood governance and empowerment. It brings together government departments, local authorities, community and research organisations including the Department for Communities and Local Government, the Home Office, the Local Government Association, the Improvement and Development Agency, the Joseph Rowntree Foundation, Community Alliance, the Commission on Architecture and the Built Environment, the Housing Corporation, Birmingham, Camden, Haringey, Knowsley, Lewisham, Liverpool, Newham, Sheffield, Staffordshire, Suffolk, Surrey, Tower Hamlets, Wakefield, Waltham Forest and Wiltshire.

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