

Redefining the role and management of local authorities — experience in the U.K. during the 1980's*

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1 INTRODUCTION

The purpose of this brief paper is to illustrate the principle changes and developments which have occurred in the role and management of local authorities during the last decade in the United Kingdom and, from those changes, to identify some of the factors which may be regarded as important in successfully reshaping local government management.

2 THE PRINCIPAL CHARACTERISTICS OF LOCAL GOVERNMENT IN THE U.K. DURING THE 1980'S

It is not my intent to provide a detailed description of the organisation and structure of local government in the U.K. — to do so would be time-consuming and would not necessarily create greater understanding and enlightenment. There are, however, a limited number of characteristics which form an important background to the changes which have taken place during the 1980's and which therefore need to be made clear:

i) Local authorities in the U.K. are *large* — in fact they are significantly larger than in other European countries. They vary in population size from just over 20,000 to over one million, with an average of approximately 120,000. Their large size resulted from the importance attached to the arguments relating to "economies of scale" which were prevalent during the 1960's and early 1970's when the last major structural reorganisations of local government took place. The large size of local authorities has created two main problems:

- are they sufficiently local? Do they relate to local communities by providing services which are sufficiently sensitive and responsive to community needs?
 - can large organisations be effectively managed? In other words
 - can the theoretical advantages of "economies of scale" be achieved in practice?
- ii) Local government is *complex and difficult to understand*
- in particular the existence of two tiers of local government (counties and districts), with some separate and some overlapping functions, allied to the large size and structural complexity of individual local authorities, has created a system which is often confusing and incomprehensible to the electorate and to the customers of local authority services.

The degree of complexity may be a major factor which accounts for the low turn-out experienced in local government elections, which, at around 40 % of the electorate on average in recent years, is little more than half the turn-out in national elections and it is also significantly lower than in most other European countries.

iii) *Increasing Control by National Government.* Historically it has been customary to regard the U.K. as having a strong system of local government, a view that is based primarily on their size and wide range of responsibilities and services. But during the 1980's the increased control exercised over local authorities by the national government has run counter to the general trend in much of Europe. The effect of the Government's actions and legislation since 1979 has been to weaken local government and to reduce its role. In implementing its general philosophy of "rolling back the frontiers of the welfare state" and reducing the size of the public sector generally the Government has created an almost endless stream of legislation

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which (a) increased its control over local authorities (e.g. in the area of financing), (b) reduced the role of the local authority (e.g. in the area of education) and (c) attempted to reduce the number of people employed by local authorities (e.g. by the use of greater competition in the provision of services). Paradoxically, it can be argued that the Government's legislative programme has in some ways strengthened local government, for many local authorities, in attempting to respond to what they perceived as an attack on them, have become far more imaginative, innovative and better managed. The attempt to achieve greater control at the national level has created local strength as well as weakness.

iv) Local government is *party political*. Local government has become increasingly dominated by party politics during the last two decades. Between 1965 and 1985 the proportion of councillors who were members of a political party increased from 60 % to 85 % and the number of local authorities controlled by political parties increased from 50 % to 86 %. Party politics has also become more polarised, intense and more based on political ideology, factors which result primarily from a breakdown in the consensus which previously existed with regard to the role, size and growth of the Welfare State. One consequence of greater polarisation is that councillors have become more assertive in ensuring that their policies are implemented — a consequence which has generally been positive in terms of achieving better democratic control and direction of local bureaucracies, but which in some local authorities has created considerable tension and conflict between councillors and their paid officers.

v) Local government is immensely *diverse* — there is no such thing as an "average" local authority. While the last decade has seen what may be described as a "revolution" in local government, it is not a revolution which has affected all local authorities equally. The challenges created by the Government's legislation, by a changing demographic structure (with significant increases in the numbers of elderly), by changing social and economic values and expectations and by changing political philosophies, have been enthusiastically taken up by some local authorities in a way which has revolutionised and transformed their organisation, management and particularly their organisational culture. They act and think in a way which is dramatically different. But oth-

er local authorities have not accepted the challenges in the same way — they have tried to make only the minimum necessary changes required of them, and while this has been often successful in the short-term, there are indications that such a "minimalist" approach to change may create long term problems.

3 THE PRINCIPAL CHANGES IN THE MANAGEMENT AND ORGANISATION OF LOCAL GOVERNMENT IN THE 1980'S

The 1980's may be seen as a period during which the main organisational and management assumptions and traditions have been challenged. These were:

i) *A monopolistic position*. It had for many years been assumed that local authorities should be the monopoly or main producers of the services they provided.

ii) *Self-Sufficiency*. An ingrained assumption had been that local authorities carry out all aspects of the provision of services for which they were responsible — including the planning, resourcing, employment and purchasing of land, equipment and buildings.

iii) *Hierarchical Control*. There has been a strong commitment to formal accountability and hierarchical control within local authorities, which led to decision-making at councillors and officer levels becoming highly centralised with little devolution of responsibility. This was characterised by the immensely long reports and agendas which were considered by council committees and by the controls operated by "central" departments (Chief Executive's, Treasurer's Personnel and Legal) over "service" departments (e.g. Housing, Education, Social Services).

iv) *Uniformity and Standardisation of Service Provision*

It is only a slight exaggeration to say that many local authorities have been organised to produce a standard service for a standard customer! It had been assumed that local authorities knew what their customers wanted but with little concern being given to the question of providing "choice" or with producing differentiated services to meet different needs. Uniformity, also deeply ingrained, stemmed primarily from the reorganisation of local government in the 1960's and 1970's when the amalgamation of several small local authorities into one

large authority created the search for uniformity of service provision.

The traditions and assumptions outlined above have all been challenged by a combination of Government legislation, changing local political philosophies, a more assertive electorate with changed aspirations and expectations, and by a changing philosophy of public sector management. The new assumptions and conditions may be briefly expressed under the following headings:

i) *Competition*. Monopoly has been replaced by competition as a guiding principle. Indeed the Audit Commission has referred to the future well-managed local authority as "the competitive council". As a result of Government legislation "competition" has entered the vocabulary of local government in two ways — first there is competition for *work*. Local authorities are now required to put out a number of services to competitive tender thereby enabling the private and voluntary sectors to compete with local authority internal provision. While in practice local authorities have been remarkably successful in winning the contracts themselves (far more successful than the Government probably anticipated or desired) the existence of potential competitors has had a dramatic effect in improving the management of services and reducing costs, and some local authorities have extended the principle of competitive tendering beyond those services required by Government. There is also competition for *customers* in the sense that the government has created and supported alternative providers of services, particularly in the areas of housing (eg housing associations) and education (eg city technical colleges), which now provide an alternative, and therefore competitive service.

ii) *The Enabling Authority*. A wide range of recent developments have focussed the attention of local authorities on the contribution of the community, the voluntary sector, the private sector, and other agencies in the public sector to the meeting of local needs. Local authority self-sufficiency is no longer a valid concept — a mixed economy of service provision is now accepted as a basis for local authority action.

The role performed by local authorities within a mixed economy of provision is not yet entirely clarified or understood but one term which is increasingly used to describe it is "the enabling authority". The term has no precise definition but is generally taken as meaning that a local

authority should use all the means at its disposal to meet the needs of the locality and its residents. Beyond producing services itself it should work through and with a wide variety of other organisations and community groups — supporting, influencing, stimulating and guiding their contributions and development. That definition may appear very generalised and unclear but the importance of the concept of "enabling" should not be underestimated. It lies at the heart of redefining the role of local government in the 1990's. It raises fundamental political questions such as the balance between public and non-public provision and the extent to which local authorities should try to guide and regulate the activities of other organisations and sectors. It also raises fundamental managerial questions implying the need for a new set of management skills which are concerned more with influencing and providing a sense of local strategic direction than with the direct provision of individual services. It also requires a local authority to become more aware of the range of powers and resources which are available to it, which include:

- the power to give grants or provide access to other governmental grants.
- using, and making available to others, the vast amount of information possessed by a local authority.
- the powers deriving from its inspection, licensing and regulatory roles as well as its service provision role.
- using the complex network of political, professional and community contacts it has built up.
- its power to speak on behalf of its residents.

iii) *Contractual Management*. Compulsory competitive tendering has introduced the concept of "management by contract" which replaces traditional systems of bureaucratic control and creates a clear distinction between the role of service client/purchaser and that of contractor/provider. Management by contract has been taken up enthusiastically by some local authorities who have perceived it as a fundamental concept in improving not only the economy and efficiency of service provision but also its effectiveness and quality. They have therefore extended its use not only to those services which are provided directly to the public but also to those services which are provided internally to the organisation such as legal, personal, financial management and staff train-

ing services. The main advantages of management by contract are that:

- on the client/purchaser side of management it forces the need for the service required to be thought through and clearly specified not only in terms of cost but also in terms of quantity and quality.
- on the contractor side it requires managers to organise and manage their departments and sections as though they are businesses. Even where they are not directly competing with other potential service providers they are forced to act as though they are.
- the use of contracts in relation to internal services has opened them up to much greater scrutiny and challenge than typically occurred in the past. The drive for greater economy and efficiency in the late 1970's and early 1980's often left the central departments providing such services relatively unaffected
- the quest for greater productivity being focussed more on those departments which provided services directly to the public. That is increasingly no longer the case.

iv) *Decentralised Service Provision.* Many local authorities, because of their large size and the tendency towards centralisation and uniformity which previously occurred have embarked on reorganisations which involve decentralising service provision away from the town halls to area and neighbourhood offices thereby making them more accessible to customers. Political decentralisation has also occurred through the creation of area committees and, in a very few cases, forms of very localised neighbourhood councils to which are delegated some of the decision-making powers of the local authority. The aim has been to make local authorities more responsive to local needs but the extent to which this aim has been achieved is in some doubt. Physical decentralisation, without accompanying changes in organisational culture and style, appears not to have a high degree of impact.

v) *Devolved Management.* Devolved management is concerned with ensuring that individual managers, at the lowest practicable level in the organisation, have a clear responsibility for achieving clearly agreed goals and targets and greater individual scope for decision-making with fewer detailed controls exercises over them.

The purpose of devolved management is not to remove control over managers but to change

the nature of control so that councillors and senior managers can focus more clearly on specifying strategy and policy while service managers are given greater flexibility with regard to the way in which they seek to accomplish specified strategic and policy goals. Devolved management therefore involves removing traditional detailed controls — which were often ineffective — and replacing them with a limited number of strategic controls.

Devolved management is closely related to management by contract, involving the identification of cost centres and the production of business plans by each cost centre. Contractual and devolved management currently represent the major changes which are taking place with respect to the internal management of local authorities — the combination of strategic focus and the liberation of service managers from detailed control is transforming local authority management. But that transformation is not easily achieved, for it requires not only greatly improved management information systems (which are made increasingly possible through the introduction of new technology) but also a change in organisational culture and style which can only be achieved by means of well planned programmes of organisational and staff development.

vi) *Managing Performance.* The term "performance" has begun to play an increasingly significant role in the management of local government in the last decade. But "performance", whether applied to the authority as a whole, its separate services or to individual paid officers is not always easy to satisfactorily define. Generally the terms Economy, Efficiency and Effectiveness (the 3 E's) have achieved some significance but it is noticeable that the early 1980's were characterised by an almost exclusive concern with just economy and efficiency. It led to what has been described as an "impoverished" form of management, and, although at the time perceived as being significant, in historical terms will be unlikely to be similarly perceived — its impact being generally marginal. Currently much more attention is being given to the concept of Effectiveness and also to the concept of Quality and as a result important questions are being raised about how "Effectiveness" and "Quality" can be defined and measured. Perhaps most important of all is the increasing recognition that both effectiveness and quality are concepts which need direct assessment by the electorate and cus-

tomers — i.e. they are not concepts which can be abstractly and/or technically defined by politicians and professional officers alone. For many services certain aspects of quality can only be assessed by those who receive the service. Also of importance is the increasing use of private sector management concepts such as Quality Assurance and Quality Control which previously had achieved little recognition in local government.

vii) *Public Service Orientation — Customers and Choice.* Many local authorities have developed approaches which are based on a commitment to becoming more responsive to customers and the public generally. This has involved three broad types of activity:

- informing the public — so that they can make better use of services and can make more informed judgements about how well the local authority is performing.
- listening to the public — to find out what is needed and what the public think about the services currently provided. This has involved the increased use of market research techniques, complaints analysis and public consultation.
- providing better access to services — physically by means of geographical decentralisation and psychological by means of better staff training and selection so that they become more sensitive to customers' particularly with regard to issues of ethnicity and gender.

4 SOME KEY FACTORS IN SUCCESSFULLY ACHIEVING IMPROVEMENTS IN LOCAL AUTHORITY MANAGEMENT

Many of the factors which are important in improving local authority management have already been illustrated in the changes identified in the previous section. In this section I will therefore confine myself to just three factors which I believe to be of supreme importance. They are very much a personal choice and would not necessarily be agreed or recognised by other commentators and participants in local government in the U.K. They are:

i) *Achieving a Strategic Focus and Sense of Direction.* Becoming more strategic in terms of both thinking and action is of fundamental importance, but has not been a characteristic of local authority management in the past — perhaps understandably because it is not easy to

achieve and tends to make explicit a number of questions and choices which councillors and managers have not always been willing to confront. Becoming more strategically focussed requires a local authority to be:

- more outward and less inward looking, more aware of what is happening locally, nationally and internationally.
- more prepared to be explicit not only about what it is seeking to do and achieve but also about what it is not going to do.
- more selective about what it seeks to do itself and more open-minded in the way it seeks to involve and influence other organisations.
- capable of distinguishing matters of strategy from the details of operational management which in the past have dominated political and managerial decision-making.

ii) *Managing Organisational Culture and Style.* There is a gradual recognition that the role of councillors and senior managers, as part of their strategic role, is to determine, influence and develop the culture and style of the local authority. Central to this role is the development of a distinctive ethos of public service management which is beginning to emerge in the U.K. but has not yet been sufficiently clarified for it to be succinctly described. Traditional cultures of bureaucratic control and paternalism have begun to be rejected and replaced by an almost unthinking importation of ideas and techniques from the private sector. The next stage, which we are only just entering, is to determine what is significantly different about public sector management so that an appropriate ethos, culture and style can be evolved.

iii) *A Focus on Performance.* Being clear and articulate as to what a local authority is trying to achieve and systematically appraising and reviewing the extent of actual achievement is central to all good management — it is also central to the concept of democratic accountability. But performance cannot be judged in terms only of economy and efficiency — a balanced concern with considerations of effectiveness, quality and equity is necessary.

5 CONCLUSIONS

Compared to what went before, the 1980's were a period of revolution for local government in the U.K. — but perhaps a very small revolution compared to what is taking place in East-

ern Europe. It has been a revolution of paradox in which the many dramatic changes and improvements have been reactions to an attempt to weaken and reduce local government. My

personal view is that in many respects local government is healthier and perhaps stronger in 1990 than it was in 1980.