

MANAGING ACROSS LEVELS OF GOVERNMENT

UNITED KINGDOM

1. Institutions and authority**1.1 Structures**

The total area of the United Kingdom is 244 800 square kilometres and the total population in 1994 was 58 375 000. The United Kingdom is made up of England, Wales, Scotland and Northern Ireland.

The United Kingdom has a long tradition of democratic local self-government. Local authorities are statutory bodies created by Act of Parliament. This arises from the unitary nature of the British State and the sovereignty of Parliament. As creatures of statute local authorities are subject to the doctrine of *ultra vires* and must be able to adduce specific authority for their actions. There is no regional tier of government imposed between central government and local authorities although there are some differences in the arrangements for local government between the four parts of the United Kingdom.

The present system has its roots in the late nineteenth century, although local administration in one form or other goes back many centuries. The main provisions for the structure of local government in England are set out in the Local Government Act 1963 and the Local Government Act 1972, both as modified by the local Government Act 1992. For Wales the main provisions are contained in the 1972 Act and the Local Government (Wales) Act 1994. For Scotland the main provisions are contained in the Local Government (Scotland) Acts of 1973, 1975 and 1994. The position of Northern Ireland is different again and subject to change whilst important steps are being taken by government to reconcile deep divisions in that society.

In 1950 there were well over 1 600 local authorities of various types in England (outside of London). Today there are about 450. Similarly in Wales over the same period, the number has reduced from 180 to 22 and in Scotland from 430 to 32.

Description of levels

England: In London and the six main conurbations, there is a single-tier of local government. In London it is provided by London boroughs and by the Corporation of the City of London (an historic body responsible for the administration of an area representing the ancient city of London). In the other six conurbations, it is provided by metropolitan district councils. Prior to the Local Government Review conducted under the Local Government Act of 1992, throughout the rest of England, local government was provided by two-tier system of local authorities, each being independent of the other: county councils and district councils. The functions of local government were divided between these two types of local authority. As a result of the Review, in certain areas the two-tier system is being replaced by a single-tier system of the kind found in the main conurbations. However, the two-tier system will continue in many

areas. Outside of London and mostly in smaller towns and rural areas, parish councils and town councils provide minor local services.

Wales: Local government was until recently provided by a two-tier system of county and district councils. However, from 1 April 1996 a system of single-tier authorities was introduced throughout Wales. In addition there are a large number of community councils (which correspond to the parish councils in England).

Scotland: Local government on the mainland (as opposed to the Scottish Isles) was also provided at two levels by regional and district councils. However, from 1 April 1996 a system of single-tier authorities was also introduced throughout Scotland. In addition, there are community councils but these have no statutory functions.

Northern Ireland: All local government functions are provided at a single level by district councils.

Table 1. Area and population of local governments (April 1996)

	Number of units	Area (hectares)		Population	
		Smallest	Largest	Smallest	Largest
England		38 100	831 297		
London boroughs including City of London	33			132 996 (1)	313 510
New single-tier authorities	14			90 409	374 300
County councils	35			304 694	1 541 547
Metropolitan district councils	36			152 091	961 041
District councils	274			24 068	270 493
Parish councils	8 200				
Wales					
New single-tier authorities	22			60 000	306 500
Community councils	733				
Scotland					
New single-tier authorities	32	6 515	2 578 379	48 000	625 000
Northern Ireland					
District councils	26			15 100	296 000

(1) excluding City of London

Source: Department of the Environment.

Central government at sub-national levels

Government is administered through a series of central departments and subsidiary organisations. One of the important strands of the reforms introduced by Margaret Thatcher in the 1980s has been the creation of Executive Agencies which in March 1996 totalled 112. These separate out the service delivery/implementation functions of these departments from the core responsibilities of policy-making and strategic direction.

An important exception to this pattern is the National Health Service which has been subject to major reforms, not least to deal with pressures on public spending, but it has not been given separate Agency status. Geographical decentralisation of government was not among the objectives of this reform.

Scotland, Wales and Northern Ireland are exceptions to this pattern of central departments. Each has a "national" department, bringing together most, but not all, domestic policy responsibilities, with its own Secretary of State in the Cabinet. Informal networks and a shared political agenda ensure a high degree of policy uniformity alongside some interesting variations in practice.

In England for many years several government departments have maintained offices in regional locations. However, in 1994 the Government Offices for the Regions (GOs) were formed by bringing together the former regional offices of four central departments: Environment, Trade and Industry, Employment and Transport. The GOs enable the policy and programmes of the central departments to be provided more effectively and efficiently by joint administration at the regional level of central departments' programmes. They provide a comprehensive and responsive service to local authorities, businesses and other bodies -- via a single point of reference -- fostering effective partnerships between central and local government, without increasing the power or cost of central government. The GOs remain part of the central government machinery but in a deconcentrated form.

Creation, elimination and restructuring

As described above, much restructuring has recently taken place as a result of local government reorganisation, producing a mix of single-tier and two-tier systems in England and the introduction of single-tier authorities in Scotland and Wales.

Local authorities in England and Wales set up various types of joint arrangements under Section 101 of the Local Government Act 1972. These include joint committees and lead authorities (where one authority provides the service for the other). They may also tender to provide services to each under the Local Authorities (Goods and Services) Act 1970. These provisions are often used, for example, for the joint purchase of supplies. A similar provision applies to Scotland.

Statutory joint authorities or joint boards (which consist of nominated representatives of the constituent local authorities and are financed by levying) are also responsible for some functions -- e.g. waste disposal in London and some parts of the metropolitan counties. In some cases they may be established by the Secretary of State if voluntary joint arrangements are not satisfactory. The Local Government (Scotland) Act 1973 provides for joint committees.

The number of special purpose agencies (quangos) has also significantly increased (see Mandatory, optional and shared responsibilities).

Control bodies

Local authorities are not subject to general administrative supervision by an external body. They are accountable to their electorate and their actions are subject to challenge on the grounds of unlawfulness in the civil courts like those of any corporate body. But each local authority in England and Wales has an auditor appointed to it by the Audit Commission for Local Authorities and the National Health Service in England and Wales (the Audit Commission), which is independent of government. Auditors have responsibility both on matters of regularity and legality, and in relation to value for money. They have particular powers where there are issues concerning the legality of a local authority's expenditure, and they must be satisfied that a local authority's systems secure value for money. The auditor acts in his individual personal and professional capacity, independent of the Audit Commission — even when on its staff (see also section 2.3).

In Scotland, the responsibility for local authority audit functions rests with the Accounts Commission for Scotland. The functions of the Commission parallel those of the Audit Commission in England and Wales. From 1 April 1995, they are also responsible for the audit of National Health Service bodies.

Local authorities are required to prepare their accounts in a form and to a timetable set down in statutory regulations and a code of accounting practice. They are also required to publish performance information based on a standard set of measures. The auditor is required to comply with the code of audit practice which covers both regularity and value for money.

The Department of the Environment is the main central government department in England dealing with general matters affecting local government.

There are Ombudsmen to deal with complaints about central government and the National Health Service, and about local authorities. The Local Government Ombudsmen of England, Scotland and Wales are responsible for investigating complaints from members of the public who claim to have suffered injustice as a result of maladministration in local government. In Northern Ireland there is an Ombudsman who has powers to deal with complaints from people who have suffered injustice as a result of maladministration by local authorities or other public bodies.

1.2 Powers*Nature of sub-national institutions*

In the United Kingdom Parliament is sovereign. The government of the day must secure the approval of Parliament to its legislative measures, including those affecting local government. There is a single Parliament for all four countries of the United Kingdom; debate continues about the possibilities of a measure of devolution to elected assemblies in Scotland and Wales. There used to be a separate elected body in Northern Ireland but that was dispensed with in the 1970s. The only other democratically elected bodies are local authorities. There is no written constitution.

The local authorities are the only locally elected executive bodies. There are no separately elected deliberative bodies. In addition to exercising functions, local authorities have arrangements for

consulting their communities (e.g. public meetings) and they may appoint advisory committee with outside representation in respect of their service areas.

The United Kingdom does not have a tradition of directly elected mayors. The mayor or civic head, a ceremonial officer with no executive authority, is elected annually by councillors. Council leaders are indirectly elected. Typically, they are leaders of the majority party of the council, though coalition administrations are far from uncommon. Local authority elections almost never coincide with general elections and elections are held on a first past the post system (in multi-member districts in some cases), except in Northern Ireland where proportional representation is used. Most candidates run for election on a party ticket, and most councils are run on party lines. Voting is by secret-ballot.

County, district and parish councils consist of varying numbers of directly elected councillors. In general a county has between 60-100 members, a district, 50-80 and a parish 5-25 members. County councils and London boroughs hold elections of the whole council every 4 years. Metropolitan district council elections are held in three years out of every four (i.e. in each year without a county council election) with a third of the seats being subject to election. In Scotland each local authority is sub-divided into a number of smaller areas which is subject to periodic reviews by the Local Government Boundary Commission for Scotland. Elections to the new single-tier authorities are held every three years. Scottish community councils are representative bodies which have no statutory functions or powers. There is a parish meeting open to all electors in every parish.

A formal system exists within local authorities for delegating council functions to committees and sub-committees for the various service areas -- e.g. education -- where an authority has power to act. Arrangements can also be made to delegate functions to individual officers, although are exercised on behalf of the council as a whole. The delegation of council functions to committees- sub-committees and officers is governed by legislation. Certain committees are prerequisite e.g. social services, although others may be chosen. The committee system, used by all types of local authority, enables councillors to play a full part in the work of the authority. Councils have powers to make standing orders regulating the conduct of business on the council and its committees. Where members of a council are divided into political groups the councils are required to ensure the representation of the political groups on committees reflects the political make-up of the council (this is not a statutory requirement in Scotland, but most councils adhere to the principle). Service on local councils is voluntary and unsalaried although members can claim certain allowances. A councillor who has a financial interest in any matter coming before the council must normally disclose this interest.

Type and degree of autonomy

Parliament has the authority to alter local authority structure and operations. Local authorities must be able to adduce specific statutory authority for their actions and have only a limited power of general competence. They can be challenged for acting *ultra vires*.

Local authorities collect two local taxes. The council tax -- introduced in 1993 -- is set by the local authority and is levied on dwellings according to the value. There are discounts depending on the occupancy of the dwelling and there is also a rebate system for those on low incomes. The non-domestic rate is set by the government and is levied on industrial and commercial property according to value. The income from non-domestic rates is pooled nationally and then distributed to local authorities pro-rata to

population as part of central government's grant equalisation system. Different arrangements apply in Northern Ireland.

1.3 Responsibilities

Distribution of responsibilities

Through the decades of growth of the welfare state, local government was given greater responsibilities for managing much public provision of services. It thus grew rapidly between the end of the Second World War and the fiscal crises of the 1970s. It now has become subject to scrutiny with the primary aim of reducing public expenditure. The way in which local authorities exercise their responsibilities is changing. In recent years local authorities' roles have been focusing on those of enabler, regulator, and community leader. The move towards the enabling role has been stimulated by the current framework in which local authorities now operate, i.e. the requirement to consider the use of competition in the delivery of services. The impact of Citizen's Charter principles, the publication of performance indicators, and the increasing need to obtain the best value from resources, encourages voluntary competitive tendering; and compulsory competitive tendering requires tendering for certain services before they can be carried out by the authorities' own internal staff. It is likely that local authorities will increasingly look to others to provide services, while themselves focusing on the levels of service which such providers should achieve and the strategic development of services.

The main areas of expenditure are education, personal social services, police, fire, road maintenance, recreational and cultural facilities, libraries and environmental services (refuse collection, street cleaning, etc.). The allocation of the main functions of local government between county councils and district councils is shown in the following chart. County councils in the main are responsible for functions which benefit from economies of scale or require strategic planning. District councils manage functions which have a more immediate impact on local people. Responsibility for some functions is shared, others (such as the promotion of economic development, museums, parks and licensing) are carried out by both tiers. Single-tier authorities -- such as in Scotland and Wales, and in London and the main conurbations -- carry out all the functions of local government. In such areas a few functions -- such as the fire service and waste disposal -- are exercised by joint authorities covering several borough or district areas. Parish and town councils have minor powers (such as the maintenance of village greens or the provision of community centres). They are also consulted by other authorities about the exercise of certain powers.

Distribution of principal functions of local authorities between county councils and district councils

County councils	District councils
Education and libraries	Housing
Fire and civil defence	Planning control and implementation
Highways and traffic	Recreation
Personal social services	Collection of local taxes
Strategic planning	Car parking -- where delegated by county council
Consumer protection	Refuse collection
Waste disposal and recycling	Environmental health

The Northern Ireland Office has responsibility for planning, roads, water and sewerage. The district councils deal with environmental and a few other services. Area boards of the Northern Ireland Office administer education, libraries and personal social services.

In recent years, local authorities have lost responsibility for some functions. The Education Act 1993, for example, introduced important changes in local authority responsibilities for education. It provides further opting out of local authority control by schools and changes the role of local education authorities (polytechnic schools, for example, are now centrally funded). In other fields local authorities have gained more responsibility, (e.g. the co-ordination of services to the elderly and infirm and those at risk in the community). They are also community leaders within their areas, being well placed to bring together effective partnerships across a range of local activities, and have a role, for example, in relation to the quality of the built environment in their cities, towns and villages. They equally have such a role in the regeneration of local areas, leading broad partnerships with the private sector and voluntary organisations to compete for government funds.

Mandatory, optional and shared responsibilities

Local authorities in England and Wales may agree for any of their functions to be carried out on their behalf by another local authority; with the exception of education, the police, personal social services and national parks.

At the same time as altering the operations of local government, the Conservative governments have increased the number of special purpose agencies (quangos), that often operate at the local level and are usually subject to an appointed board nominated directly or indirectly by government ministers. These organisations are not subject to local democratic control and are dependent on government grants and central policy direction. As a measure of their scale it has been estimated that in 1992-93 they spent £46.65 billion of public money.

2. Management functions

2.1 Policy-making and co-ordination

Coherence, consultation and conflict resolution

In the United Kingdom successive governments have regarded a system of democratic local government as one of the essential features of the country's democratic society. Democratically elected local authorities are a focus of leadership in local communities, and can be an institution for undertaking regulatory work and securing the provision of services, particularly in those cases best administered at the local level in response to local needs and choices as expressed by local citizens through the democratic process. The specific responsibilities allocated to local authorities have changed from time to time, for example in response to changes in the nature of the services provided or the availability of other service providers.

Local government in the United Kingdom provides a very broad range of functions. It accounts for over 25 per cent of all public spending or about 10 per cent of GDP. As the nature of government and

the activities of the State change, so do the nature and activities of local authorities. It may be appropriate for existing services to be provided in a new way, or new services may be developed to meet changes in society. So, for example, in the nineteenth century local government developed its role in public health services, and gas and electricity undertakings. Responsibility for health passed to the National Health Service in 1948. Gas and electricity undertakings were transferred to nationalised industries after the Second World War, and subsequently they have been transferred to the private sector.

In the case of certain services, decisions about their provisions have been brought closer to those affected by them by adopting mechanisms outside the traditional system of electing local councillors. For example, the introduction of locally managed budgets in local authority schools has given school governing bodies, on which parents are represented, control over many of the spending decisions affecting those schools. The option of grant-maintained status provides yet a further degree of self-government for schools. Self-governing status enables decisions to be taken which more closely respond to local needs. The options of tenants on local authority housing estates taking responsibility for the management of their homes from the local authority is another example of moving decision taking closer to the people affected by those decisions.

It can equally be the case that services once provided outside local governments might be more effectively delivered by local authorities alongside their other functions. An example is "care in the community", responsibility for which was transferred to local authorities in 1993. Changes in the functions of local authorities and other local bodies are likely to continue as society changes; these changes will also, rightly continue to attract debate about the features of different forms of control. Local government itself has a voice in this debate. In general, however, the Government has made it clear that local authorities will continue to have responsibility for a very broad range of services affecting the life and well-being of their communities.

At the same time there have been reforms to strengthen the position of users of local authority services. Citizens are entitled to attend local authority committee meetings at which decisions are taken and they are allowed to see the background documents on which those decisions are based. Under the Citizen's Charter citizens are entitled to know the level of services to which they are entitled and to know how to complain when things go wrong. Local authorities are also required to publish performance indicators for a range of activities so that their citizens are in a position to make judgements about the quality of services they are provided with in comparison to the price paid and make their voice heard if they are dissatisfied.

The framework within which local government operates ensures that it plays its part in meeting national aims and priorities. It provides the means for government to influence local authority expenditure, the allocation of resources to local authorities, the level of local taxation, and local authority management practices -- thereby facilitating the achievement of national economic and competitiveness goals. It also provides for the government to specify national standards for certain services delivered locally, while at the same time giving local authorities discretion as to how those standards should be achieved in the light of local circumstances. Successive governments have had specific nation-wide objectives in relation to certain services for which local authorities are responsible. For example, the government has national aims and objectives in the fields of business deregulation and education, the achievement of which relies on local government playing its part.

Formal and informal mechanisms

Local people can exert influence on issues of concern to them, for example planning policies, through representation to their local councillor, through membership of parish or community councils or by making representations through relevant voluntary organisations, such as the Civic Trust. Members of the public may also express their view on planning issues. Local authorities are obliged to publicise the content of their plans and representations and objections may be made and must be considered.

Local authorities may co-operate freely with their counterparts overseas and many take advantage of this privilege. They may also belong to the International Association of Local Authorities.

Associations of local authorities are voluntary groupings covering all or most local authorities of a particular statutory category (e.g. the Association of District Councils) and are not controlled by legislation. In 1997 the existing national local authorities will combine to form a single Local Government Association.

2.2 Financial management*Sources of revenue*

Income from charges is not an important part of most public service provision in the United Kingdom. For the most part funding comes from the Treasury. There is a principal of working within cash limited budgets which restricts freedom of manoeuvre and a variety of mechanisms, including market disciplines, have been introduced to work within this context. The exception to the complete dependence on Treasury funding from national taxation (without hypothecation) has traditionally been local government.

As already mentioned the system of local authority finance in England and Wales has recently been extensively reformed. As shown in Table 2, central government grants (earmarked and specific in roughly similar amounts) account for 60 per cent of total local authority revenues. The only tax levied by local authorities on its own behalf is the council tax. A local authority is required to set its council tax each year at a level which, taking account of all other sources of revenue income, will be sufficient to meet its estimated revenue expenditure for that year, including any capital expenditure to be charged to revenue. Theoretically an authority could set a zero tax. The council tax is levied on dwellings. The tax base is determined by the number of dwellings entered in the valuation list for the local authority's area and the number of discounts and exemptions awarded.

Government grant takes two forms; a grant for specific services which are earmarked for certain spending initiatives, or a more general revenue support grant distributed on the basis of standard spending assessment (SSA). This calculates for each authority the level of expenditure to provide a standard level of service taking into account the area's demographic, geographic and special characteristics and government public expenditure plans.

The non-domestic rates is essentially a property tax paid on the value of business premises by the owner or occupier. The amount of non-domestic rates payable in respect of a property each year is the product of a rate poundage (expressed as pence per pound) and the rateable value of the property calculated to reflect an annual rental value on the open market. The rate poundage is a uniform amount

set each year by government and approved by the House of Commons, and the rateable values of properties are assessed by the Valuation Office, the last revaluation being in 1995. A local authority has limited discretion to grant relief from non-domestic rates to charities, non profit-making bodies promoting the general good through philanthropic and other activities, and businesses which would otherwise suffer hardship. Non-domestic rates are collected by local authorities and paid into a central pool run by central government, from which they are redistributed to local authorities. The amount of non-domestic rates which a local authority receives each year is its share from the national pool of all non-domestic rates collected -- that share being *pro rata* to population.

Table 2. Sources of local authority funding (1994) ⁽¹⁾

(billions of pounds sterling)		
	£	%
Exclusively local taxes	8.6	11.5
Fees and charges	4.7	6.3
Financial transfers:		
<i>of which</i>		
shared taxes (non-domestic rates)	13.0	17.4
earmarked grants	21.4	28.6
block grants	24.2	32.3
Other revenue	2.9	3.9
TOTAL	74.8	100.0

1. The data covers all local authorities, most of which are in the population range 100000 to 500 000.

Source: Department of the Environment.

Expenditure responsibilities

Local authorities are responsible for about 25 per cent of total public spending. Local authority expenditure (current and capital) in 1994 was £76.5 billion. This represents 11 per cent of gross domestic product and 27 per cent of general government expenditure.

A continuing theme of the period has been the need to reduce, or at least contain, public expenditure. The Treasury has been in the driving seat. The way in which public spending seemed to be out of control in the 1970s has left its mark on the culture and approach of the Treasury. The Treasury maintains strategic controls which are necessary, for instance, for the conduct of macroeconomic policy.

During the 1980s the government introduced a series of measures in an attempt to make the activities of local government more efficient. Compulsory competitive tendering and changes in the administration of a series of key services were among the major reforms changing the way it operated. At the same time, financial controls, increased the dominion of central government. In the mid-1980s, central government grant aid provided less than 45 per cent of local government income. Local revenue is now reduced to around 15 per cent.

The main cause of the change in the ratio between local and centrally funded revenue have been increases in the level of central government grant and the introduction of a "national" non-domestic rating system where the rate of tax is set by central government rather than by local authorities. However, over

recent years the proportion of local authority spending met by the locally determined council tax has increased slightly and central government intends that this trend should continue.

Within the council tax regime there is a system of council tax “capping”. Where the government considers that a local authority’s budget for a year is excessive, or represents an excessive increase over the previous year, this regime enables the Secretary of State to propose a maximum or “cap” to be set for that budget and requires the local authority to reduce its budget in conformity with that maximum and to make commensurate reductions in its council tax. Under the regime a maximum must either be agreed by the authority concerned or approved by the House of Commons.

A key part of the government's economic policy is concerned with the reduction of public expenditure and it is for this reason that the Government is determined that local authorities should play their part in restraining public expenditure to control inflation, to maintain economic progress, and to limit the burden of national and local taxation. The Government influences programmes by providing advice, paying specific grants or subsidies, approving programmes under certain legislation and controlling capital investment.

A report by the Audit Commission published in 1993 provides the results of a major study of standard spending assessments (SSAs). The report was undertaken at the request of the local authority associations using powers under Section 27 of the Local Government Finance Act 1982, which requires the Commission to prepare reports on the impact of legislation or directions or guidance given by ministers on economy, efficiency and effectiveness of local government services. Whereas in 1989/90 central government controlled less than half of local governments total income, in 1993/94 it distributed some 80 per cent of it, over \$40 billion, through SSAs. The report concluded that the SSA system works quite well, but that the system is being used to set a “spending ceiling cap” for all local authorities. It was found that the complexity of the formulae tends to obscure decisions and who is responsible for making them. This in turn threatens clear lines of accountability which are essential as a basis for improving economy, efficiency and effectiveness.

2.3 *Performance management*

Mechanisms

Organisational performance has become more significant in terms of control and influence. Central government is increasingly requiring its component parts, as well as other public bodies and local government, to declare targets and publish performance measures.

Performance management is only one part of an increased emphasis which has been placed on management in general. Running through the various reforms have been a series of initiatives and incentives to steward scarce resources better and to develop sharper, leaner organisations.

The **Audit Commission** was established in 1983 to appoint and regulate external auditors of local authorities in England and Wales. In 1990 its responsibilities were extended to include the National Health Service. It aims to be a driving force in the improvement of public services. It promotes proper stewardship of public finances and helps those responsible for public services to achieve economy, efficiency and effectiveness. A small central staff carry out national value-for-money studies and provide support for auditors. About 40 per cent of the Commission's work, including 30 per cent of the audits, is carried out by external contractors. District Audit, the Commission's own auditing service, has offices

across England and Wales. The Commission is financed through audit fees and operates independently of the government. It is a Non-Departmental Public Body sponsored by the Department of the Environment and the Welsh Office. It has up to 20 members drawn from -- but not representing -- a range of backgrounds including industry, health services, local government, trade unions and accountancy.

The Audit Commission can and does provide advice for auditors; though it cannot instruct it can replace auditors who fail to follow the Code of Audit Practice. The Commission and its auditors can and do suggest ways in which value for money can be improved. They cannot determine local policy, nor force audited bodies to save money - local authorities are responsible to their local electors and health bodies to the Secretary of State for Health for how money is spent and assessing local needs and priorities.

In its audit of local authority accounts, the Audit Commission begins with an overview to identify strengths and weaknesses. If this suggests that arrangements are satisfactory, then the audit will be concluded. If any potential weaknesses are identified then, more detailed work is carried out.

Under one of the first initiatives inspired by the Citizen's Charter, the Audit Commission was given a legal duty to draw up each year a list of indicators measuring the performance of local government services. Councils are obliged to measure and report their own performance against these indicators. These results must be published in a local newspaper within nine months and the Commission then publishes comparable results nationally. This was done for the first time in March 1995, when comparisons for the year 1993/94 were published.

The Audit Commission produces a national publication of local authority indicators which compares authorities' performance with each other and with previous years. These indicators, which are refined annually, are proving to be an invaluable tool in improving council services. Year-on-year comparisons, in particular, help local people to see whether their council's performance has deteriorated.

Performance indicators have been drawn up for each main council service, consulting widely each summer on proposed changes to the indicators. The indicators cover different aspects of performance:

- the level of service provided -- e.g. the proportion of three-and four-year-olds with a school place;
- efficiency -- e.g. the average time taken to re-let a council home;
- effectiveness -- e.g. the proportion of council tax that has been collected;
- cost -- e.g. the amount spent per head of population on the libraries service;
- quality -- e.g. the comprehensives of the rubbish collection service measured against a checklist; and
- performance against the council's own targets -- e.g. performance against locally set targets for answering letters and telephone calls.

Although each council is developing its own style of reports, effective performance reports will include the following features:

- A presentation of the indicators, distinguishing those which are prescribed by the Audit Commission from those which are the council's own indicators. Reports should also highlight which, if any, of the council's own indicators are intended for publication.
- Names of the officers responsible for the achievement of the reported performance levels.
- Year-on-year comparisons between different periods of the year.
- Comparisons with a group of similar councils for the Audit Commission indicators and for the council's own indicators (where these are collected on a like-for-like basis by other councils)/
- Officers' analysis of the reasons for differences in performance between similar authorities.
- Targets for performance indicators committing the council to achieving a specified future level of performance.

Quality standards

Central government is committed to the Citizen's Charter to define clear standards of service for users of public services and a clearer definition of output targets for public sector organisations. There are currently now 40 main charters, covering all the key public services, which set out the standards of service people can expect to receive. In addition, there are now many thousands of local charters covering local service providers, such as doctors, police forces and fire services. In the early days of the Charter, standards tended to be set by service providers themselves. Increasingly, however, as national charters are drawn up, the public are invited to help set standards, by determining the priorities and targets that are important to them.

2.4 Human resource management

Statutory distinctions: In the United Kingdom, there is in no sense a single public service. A clear division exists between the political and administrative regimes of national and sub-national governments. There is a national civil service which is about servicing national government and its central institutions; and sub-national organisations, local government and the National Health Service which have their own administrative cadres and career structures.

The creation of Executive Agencies has increased the potential for differentiation within the Civil Service, as first the larger agencies and departments and subsequently all of them are being given the freedom -- within the overall Civil Service framework -- to set their own human resource strategies and policies. Issues about retaining a "corporate identity" were recognised by the government in its Continuity and Change measures, such as the setting up of a wider Senior Civil Service and the promulgation of the Civil Service Code.

Table 3. Public sector employment (1980, 1985, 1992, 1995)
(full-time equivalents, mid-year figures)

	1980	1985	1992	1995
Central government:	2 199 000	2 147 000	1 779 000	1 020 000
Civil service	703 000	599 000	573 000	512 000
National Health Service	1 001 000	1 030 000	700 000	80 000
Armed forces	323 000	326 000	290 000	230 000
Other	172 000	192 000	216 000	198 000
Local government:	2 343 000	2 325 000	2 257 000	2 040 000
Education	1 087 000	1 021 000	970 000	807 000
Social service	235 000	256 000	285 000	295 000
Construction	146 000	125 000	97 000	82 000
Police	176 000	182 000	199 000	202 000
Other	699 000	741 000	706 000	654 000
TOTAL general government	4 542 000	4 472 000	4 036 000	3 060 000
Public corporations:	2 007 000	1 236 000	808 000	1 302 000
Nationalised industries	1 785 000	1 118 000	452 000	352 000
NHS Trusts	-	-	252 000	876 000
Other	222 000	118 000	104 000	74 000
TOTAL public sector	6 549 000	5 708 000	4 844 000	4 362 000

Source: *Economic Trends No. 508*, February 1996.

Managerial autonomy: One of the characteristics of human resource management during the last decade has been the new emphasis on performance management. Within the core civil service, for instance, pay increases are dependent upon individuals' performance. Paying more attention to the effective utilisation of people and monitoring/reviewing their contribution has become part of public service management. Individual performance management is however a matter for individual organisations and not a tool of central control.

Recently there has been an increasing trend to delegate personnel management responsibilities to departments and line management in the core Civil Service, as well as to the Executive Agencies. For example, from 1 April 1996 there is no longer any centrally determined basis for civil service pay and grading, except for the 3 000 or so members of the Senior Civil Service. The Office of Public Service retains an interest in strategic issues of Civil Service employment, including the number of civil servants.

In the plethora of other public bodies, including the National Health Service, there is a broad spectrum of practice. Given the proportion of expenditure tied up in staffing budgets, there is constant

downward pressure on staff numbers and an interest in pay levels. In general there has been a move away from tight national pay arrangements.

In local government, each council is the employer of its staff and thus free to determine its own pattern of human resource management. Most, but not all, local authorities across the United Kingdom, however, continue to maintain a voluntary national collective bargaining system. This both negotiates national pay scales and defines a grading structure. There is flexibility within this to adjust to local labour markets. Despite some signs of willingness to determine or negotiate pay locally, more than 90 per cent of local authorities stand by the collective arrangements.

Mobility: The public service in the United Kingdom does not experience a large amount of movement between sectors and levels. Convention, and a variety of inhibitions to inter-organisational career patterns, tend to reinforce rigid boundaries. Low levels of movement weaken opportunities to assist policy coherence and co-ordination and reduce a convenient means of enmeshing the different parts of the governmental system. However, both central government and local government take steps to encourage exchanges and secondments between sectors.

Similarly, although many politicians start their political career in local government (the only other part of the governmental system with representative democracy) there is no convention of dual mandates. Election to the national Parliament leads to expected resignation from the local council.

2.5 *Regulatory management and reform*

National policies about “rolling back the State” have marched hand-in-hand with new regulatory regimes in the United Kingdom, particularly in the utility sector, where independent regulators have been appointed to provide safeguards where suppliers still retain market dominance. These regulators have also been given certain monitoring powers.

The United Kingdom has a strong tradition of local government through which substantial regulatory authority is wielded. Local authorities regulate directly and enforce many regulations established in national departments. They employ, for example, 6 000 environmental health inspectors. They also influence business expansion and development through extensive planning and licensing authorities. Due to the key regulatory role of local governments, a number of the reform activities carried out under the deregulation initiative have targeted local governments.

A major reform of local legislation occurred in the 1970s, when the Local Government Act of 1972 set in process a gradual repeal of outdated laws. By 1986, the number of local acts had been reduced from over 1 000 to 50.

Under the Deregulation Initiative, a review of local regulations, particularly licensing and certification requirements and systems, was begun in the 1980s. Working with local government associations, the Enterprise and Deregulation Unit (EDU), the Home Office, and other departments encouraged local governments to simplify procedures and reduce delays. An experiment with local “one-stop-shops” began in 1988.

Attention to local government regulation has increased since 1991. According to the Department of Trade and Industry, “local authorities carry out a wide range of regulatory functions which

are likely to increase in the 1990s as a result of major new regulatory requirements and as public expectations about the standards of business behaviour and the quality of life continue to rise”.

In 1991, work began on a code of good regulatory practices to improve co-ordination, communication, consultation, and understanding of regulatory impacts at the local level. In 1992, experimental Local Partnership Agreements were begun, in which local authorities and local businesses agreed on lines of communication, consultation, complaint/appeal procedures, and monitoring of standards by businesses. In 1996 the local authority associations published a good practice guide to the enforcement of regulations.

Since 1992 the number of Local Business Partnerships has increased to 60 with many more being developed. These have proved to be an effective mechanism for promoting dialogue between local enforcement organisations and business with the objective of assisting compliance with regulations.

With the increasing need for local businesses to be competitive in a global market, local authorities keep under review the impact which their regulatory role has on local business and enterprise. Regulation must be consistent with the law and with the proper safeguards to protect residents, but regulation can be unduly heavy-handed. In 1994 a scrutiny carried out by government departments, with the assistance of local authority associations, considered ways in which regulation could be achieved without unnecessary burdens on business. Following the scrutiny, the associations disseminated good practice on enforcement to local authorities. Local authorities are likely to continue this “light touch” with regard to regulatory matters.

In 1994, the majority of national enforcement agencies adopted and applied an “Enforcer’s Code”, based on principles of openness, transparency and fairness. In the same year, under the Deregulation and Contracting Out Act, powers were introduced to provide business with new rights when subjected to enforcement action. They provide for an explanation of the enforcement action, and the ability to query it before formal action is taken, in order to improve the fairness, transparency and consistency of enforcement. A model mechanism for independent appeals against enforcement actions was put to public consultation in early 1996.

Local authority organisations have combined to produce their own guide to good enforcement practices, and this was published in 1996.

3. Trends in redistributing authority across levels of government

3.1 *Evolving tendencies*

Important as developments in the last fifteen years have been in the United Kingdom, a longer perspective is instructive as centralisation has been a feature of British government for a long time. The last ten or fifteen years have seen new trends and pressures. It has not, however, been a uniform movement and there have been some movements in both directions.

Through the post-war period there was a steady increase in public spending on the welfare state and public services. New activities and developments were coped with through additional spending. By the 1970's a faltering and, in global terms, shrinking economy increasingly raised questions about the ability to finance this. At the same time, in common with other countries, there was growing recognition that the organisational framework of the welfare state had become somewhat bureaucratic and

unresponsive, often serving to act more in the interests of the producers of a service than the users. A whole range of administrative, political and professional imperatives seemed to insulate service delivery organisations from their public.

It was against this background that Margaret Thatcher became Prime Minister in 1979. She and her close political allies espoused the latest stages in the evolution of conservative thinking and philosophy. According to this the State had become overbearing; individuals and markets were no longer able to function effectively and efficiently; radical steps needed to be taken to repair the situation and restore a proper balance. A key part of this would be the curtailing of intermediary institutions standing between the individual and markets. Deregulation, competition and privatisation were the means by which the boundaries of the State could be driven back. Intermediary institutions had their powers and importance reassessed or modified to ensure that they did not interfere with individual and market freedoms.

Looked at slightly differently, the United Kingdom's problem was a declining economy. A way of managing this and the need to reduce public expenditure was to shift responsibility to the individual and to the private sector. Some centralisation of power was necessary to make sure this happened along with management reforms designed to increase efficiency and economy.

At this stage a number of generalities can capture the changes which have been instituted by central government but which affect both central and local governments:

- Increased central controls by government have been used to set national direction, standards and policy frameworks for a range of services.
- These powers have paralleled moves to introduce some choice for service users and some significant user control over the local distribution of resources in some services to improve responsiveness.
- Increased emphasis has been placed, through the Citizens Charter initiative, on the rights of the service users to quality services at specific standards and with the rights of redress.
- Mixed economies of service provision have been developed through contracting out, competitive tendering and the introduction of other market-type mechanisms.
- More efficient management of public resources has been encouraged through the new public management.
- A series of moves to deconcentrate activity within central government (e.g. the creation of Executive Agencies) separating out implementation activities from policy-making and advisory functions. These have been within clear policy frameworks set at the centre but have not usually involved geographical decentralisation.
- The temptation for government to “do” (despite the desire to diminish intermediary institutions) has led to the creation of a range of special purpose agencies and organisations, publicly funded, subject to national ministerial policy direction and presided over by boards of ministerial appointees. Some of these act at a national level, some regionally and some locally.

- Major public initiatives and trading enterprises have been privatised. With few exceptions these operate as national rather than sub-national enterprises.

3.2 *The current debate*

One of the most recent developments affecting the structure of government has been to rationalise part of the government presence at regional level. Integrated offices have been created in London and nine English regional centres, bringing together the outposts of four government departments (Environment, Transport, Education and Employment, and Trade and Industry). The focus of these new offices is on activities concerned with urban re-generation and the consolidation of a disparate set of regeneration initiatives/programmes into a single budget. The main aim is to provide a single, co-ordinated point of contact for the private sector, local authorities and other partners. One major area of domestic social policy, health, is not, however, included in the Government Offices' remit. The importance of this reform is its potential, both as a platform to influence central government's policy-making and as a focus for regional interests to be fed into the government machine.

People have a right to expect that the duties and powers of local authorities will be exercised fairly and competently. The central government are considering the best ways to ensure that the public sector improves its performance and is answerable to the public for any inadequate performance. Central government wishes to see the development of solutions appropriate to particular local circumstances.

The current debate in the United Kingdom focuses on the relationship between central government and local government. In July 1996 the House of Lords Select Committee on Relations Between Central and Local Government published a report which considered the current state of relations and the factors which have led to the present position. It made recommendations for improving these relations. Whilst the report did not consider local government structure, or the best way of providing particular services, it did consider whether, over a long period of time, local authorities have lost powers and responsibility -- either to local authorities or quangos -- in a way which has incrementally weakened local democracy, blurred accountability, and produced a strained and less fruitful relationship. The report contained recommendations aimed at improving the relationship between central and local government.

The government responded to the Committee's report in a White Paper published in November 1996. This sets out a programme of action to strengthen local democracy, to promote local authorities' local leadership role, and to improve further the relations between central and local government. Specific measures set out in the White Paper are to:

- legislate in the next Parliament to enable local authorities to undertake experiments with their internal decision-taking arrangements;
- agree with the new Local Government Association and the Welsh Local Government Association a Statement of the role and status of local government;
- develop further with the Association the guidelines for the conduct of business between central and local government;
- review the scope for local authorities to fulfil their local community leadership role in the context of the 1972 Local Government Act, and to assess whether a more general power of local competence is practicable and advisable;

- undertake with the Associations, research on public participation in local government; and
- examine the arrangements in place in central government which are designed to ensure that cross-departmental matters concerning local government are carried forward effectively.

The government rejected a number of the report's recommendations, in particular those aimed at reducing the extent of the influence which central government can exercise on the overall level of local authority expenditure.

3.3 *Driving forces*

A main objective of recent local government reorganisations has been to offer the taxpayer better value for money but political influence may be considered the key force behind these reforms. Thus there has been a discernible movement of power upwards to central government or downwards to local institutions or service users themselves. The latter, has been characterised, in particular, by the creation of markets or quasi-markets and a series of moves (the Citizen's Charter) enhancing service responsiveness or giving the user better information and access.

The governmental system reflects broader tendencies in British society. While there are distinct national identities in Scotland, Wales and Northern Ireland and a variety of regional loyalties and identities in England, the United Kingdom is dominated by London and the metropolitan south-east. England, in particular, is heavily dependent on national media (press, television and broadcasting) and a metropolitan interpretation of life and events. London is the hub of the national transport system, dominates the financial, commercial and industrial life of the country and is the location of the headquarters or major corporate offices of innumerable private, voluntary and public organisations. It is the home of the legal system, professional institutions, representative organisations, lobbyists and so on. Important as other cities are, they remain relatively insignificant.