

Newsletter ~ 1997-98

❖ Introduction

Welcome to the 1997/98 Local Government Research Programme Annual Newsletter. The Programme contributes information for policy development and evaluation on the major elements of local government such as participation, service quality and delivery, finance, management and structure. The Programme budget for 1997/98 is £540,000.

This Newsletter provides details of new projects to be commissioned in 1997/98 and updates on current projects and recent research findings.

We are keen to generate interest amongst research contractors and welcome expressions of interest both from those who have worked for us in the past and those who are new to the Programme. If you wish us to consider you when

drawing up shortlists for invitation to tender, please complete and return the attached form to us at the address below. This year, we will be reviewing our mailing list for the Newsletter and other research communication. If you wish to remain on this list, complete and return the relevant sections of the form, even if you do not wish to be considered for invitation to tender. Please return your form to:

*Paul McCafferty,
Local Government Research Unit,
Department of the Environment, Transport
and the Regions,
Room 5/B4, Eland House,
Bressenden Place,
London SW1E 5DU*

New projects for 1997/98 include:

1. Local authority use of Section 137, Local Government Act 1972, powers;
2. Enhancing public participation in local government;
3. The relationship between performance indicators and quality in service delivery;
4. Cross-cutting issues affecting local government;
5. Updating Census Indicators - further analysis.

❖ *New Projects for 1997/98*

If you would like to express an interest in tendering for any of these projects, please return the enclosed form to the address listed on page 1 as soon as possible.

Local Community and Democracy

1. **Local Authority Use of Powers Section 137, Local Government Act 1972:** There is no reasonably comprehensive picture of the use of this power by local authorities to incur expenditure in the interests of their area or inhabitants. The aim of this project would be to provide basic data on the use of the s137 power by principal local authorities and what it is specifically used for. The project would also investigate possible reasons why local authorities were not using this power, in particular as a means of facilitating community leadership.

2. **Enhancing public participation in local government:** The aim of this project would be to bring together detailed information on the range of options and practices currently being developed and used within local government to enhance public participation. It would consist of a comprehensive literature review and a request to authorities to provide examples of their initiatives. The project would seek to develop and test evaluatory frameworks for these options, focusing in particular on what authorities are trying to achieve and communities want. It would also aim to classify options and evaluate them through identifying similarities in approaches, distinctive features and the applicability of initiatives in different contexts.

Best Value and the Delivery of Local Services

3. **Performance and Quality in Service Delivery:** This project aims to monitor and evaluate local authority experience in developing best value through a pilot scheme which is to be announced shortly. The research will evaluate the way in which authorities approach developing performance indicators, set these within the context of a local performance plan, and achieve improvements in service delivery.

Central/Local Government Cross-cutting Issues

4. **Cross-cutting Issues Affecting Local Government:** This project would involve a short review of literature on cross-cutting themes which are central to the current policy agenda, such as social exclusion, sustainable development and disaffected youth. The review would concentrate on key issues directly affecting local government policies and practices, examples of strategies and initiatives taken by local authorities to tackle these themes and the implications for central government working.

Local authority finance - SSAs

5. **Updating Census Indicators - further analysis:** This small-scale project arises out of the work undertaken by ONS to investigate ways of updating Census Indicators used in the SSA. Further work may be required in refining and developing the multi-level modelling approach to ensure the overall quality and accuracy of the method, and its applicability to SSAs. The validation panel set up to review the work carried out so far have been invited to consider the benefits and viability of carrying out further work, and their recommendations would contribute to framing the research objectives.

❖ *Guidance for Potential Contractors*

This section gives general guidance on the way contractors are selected for research projects.

Expressions of Interest

Expressions of interest are very welcome, but they do not guarantee inclusion on the short list for invitation to tender. The information that contractors provide on the enclosed form will be used in drawing up a short list, usually of between 3-6 names depending on the nature of the project and extent of expertise amongst potential contractors.

Invitations to Tender

Formal invitations to tender will include:

- the specification of the project outlining the objectives, relevant details and what contractors are expected to provide in the tender;
- the standard contract conditions;
- the date for receipt of tenders;

- the expected timing for the announcement of the award.

Four weeks is the usual period for submitting tenders, although for urgent projects that period may be shortened.

Tender Documents and their Assessments

A tender assessment panel will examine the tenders. The panel will look at appropriateness, quality and cost of contractors' proposals, and they will take into account:

- understanding of the issues being addressed;
- familiarity with previous relevant research;
- the experience of the research team;
- the proposed costs.

Interviews may be held to assist with this assessment. Normally these will involve the tenderer making a short presentation and discussing the proposals more fully, including responding to the questions of the interviewing panel.

Awarding of Contracts

The assessment of tenders normally results in the selection of a preferred tender, although the Department is not bound to accept any tender. All tenderers are informed of the outcome. The successful tenderer then agrees a programme of work with the Department for inclusion in the formal contract.

Evaluation System

An evaluation system has been designed in consultation with previously-used contractors and the Programme's policy customers. All new projects within the Local Government Research Programme are evaluated on completion.

The purpose of the evaluation system is to improve the workings of the programme, by informing future research and enabling the process to run more smoothly and effectively in future. It will also provide contractors with formal comments from the Department on their satisfaction with both the management of the research and the quality of the outputs and will give contractors the opportunity to offer feedback to the Department. Involvement within the evaluation process will be a contractual requirement.

Publications Guidance

Most projects involve the publication of a full report and stand alone summary. We have produced for contractors a guide to preparing research reports and summaries. The guidance clarifies different dissemination strategies and the audience for local government research. The main stages of the publication process are outlined, and the core requirements of a report or summary defined. We would welcome feedback from those of you who have received the guidance on how it can be improved.

There may be an opportunity for producing further publications by contractors although this is not a contractual requirement. If you are interested in publishing reports please indicate this on the form enclosed.

❖ Summary of Current and Recently Completed Projects

This section describes the current and most recent research that has been funded under the programme. For studies underway at the moment, reports are likely to be published in 1997/98.

Research on Local Authorities' Relationships with the Business Community

Local Authorities' Duties to Consult with Business

In March 1997, the Department published the findings of research on local authorities' statutory duties to consult with business on their economic development plans and annual budgets ("Local Partnerships: A Research Review of Local Authorities' Statutory Duties to Consult with Business"). This study, carried out by Newchurch & Company, involved a postal survey and case studies conducted amongst local authorities in England in order to identify the methods used to fulfill legal requirements, examine the impact and value of the consultation process amongst local authorities and the business community, and outline practical measures which may be introduced in order to improve the success of the processes.

The study found that authorities have adopted a considerable range of approaches in consulting with business, and that the two statutory consultation processes were run as separate events with key

differences between them. Responses to the survey found that involvement in, and value ascribed to, statutory consultation on expenditure plans have been in decline. In contrast, the economic development consultation process has seen a perceived increase in participation and worth. These polarisations seem to be driven by such factors as the introduction of the National Non-Domestic Rate, changing local authority responsibilities and the nature of wider contacts with businesses.

Getting the local business community involved is complicated by the scale and variety of the organisations involved, and as a result, local authorities have tended to focus on the involvement of representative bodies. The value of involving business in policy formulation and implementation is recognised by local authorities, although some consider the benefits of the process to be outweighed by the effort involved. In general, authorities rated the value of the consultative process for economic development more highly than for expenditure plans.

The research also identifies a number of practical measures which authorities could adopt to improve the effectiveness of consultation. Findings show that the response from the business community has not always been high, and the research considers the scope for encouraging greater involvement of businesses, and for extracting maximum benefit from the process.

The report draws on the variety of good practice which Newchurch identified in the course of their detailed case study research. Key practical measures include:

- developing informal links with the business community to support the statutory process;
- regularly reviewing the statutory consultation process;
- commencing the expenditure consultation process in the summer, or at least before draft budgets are prepared;
- providing a range of relevant background and explanatory documentation well in advance of the formal consultation;
- consulting by meetings - to which a balance of representative consultees and individual businesses should be invited;
- informing the consultees about the outcome of the consultation.

For further details about this project, please contact Joe Biskupski on 0171 890 4125

Local Authority Involvement in Companies

This study, which has been carried out by Coopers & Lybrand, has investigated the policies and conditions that foster local authorities' involvement in companies and has sought to establish principles of good practice which could be disseminated more widely. The research has two key elements, a questionnaire survey of local authorities to gauge the nature and extent of their involvement in companies; and case studies which focus on good practice in strategy, management and governance.

The study found that, of those authorities which responded to the survey, two out of five use companies. Companies are more popular amongst larger councils, with all the London Boroughs and around nine out of ten county and metropolitan councils using companies, compared with a quarter of districts. Most (84%) councils which use companies have less than five companies.

Top reasons for establishing companies include accessing private sector involvement, funding and management, increasing economic activity, seeking commercial opportunities and obtaining value for money. Nearly two thirds of companies were promotion companies (such as media centres or festival companies) or commercial companies (eg. airports and conference centres). Nearly one in four companies were established for social purposes, such as dial-a-ride or children's resource centres.

A report of the study findings is due to be published later this year.

For further details about this project, please contact Joe Biskupski on 0171 890 4125

Research on Local Authority Finance - Capital and Revenue Expenditure

Capital Challenge Pilot Scheme Evaluation

During May 1996 the Department of the Environment announced that it intended to proceed with proposals for a pilot 'Capital Challenge Fund'. The purpose of the pilot was to explore how best the challenge concept could be applied to the mechanism for distributing Government support for local authorities' capital spending. The pilot was based on a single bidding round in 1996 with funds available between 1997/98 and 1999/2000. In announcing the scheme the Secretary of State for the Environment acknowledged the need for careful evaluation of the pilot bidding round, and the projects resulting from it, before deciding whether to proceed beyond the

pilot to a fuller application of challenge principles to the determination of capital allocations.

As part of this evaluation process the Department commissioned a research study of authorities' experience of the pilot bidding round. The survey was based on a postal questionnaire of all authorities eligible to bid for capital challenge funds and 30 in-depth case studies with a range of authority types. The study was conducted by York Consulting Ltd, an independent research consultancy, and the fieldwork was undertaken during October and November 1996 (prior to the announcement of the successful bidders).

The study found that only two authorities out of the 386 which completed the questionnaire positively expressed support for the concept of Capital Challenge. Although the pilot scheme objectives were generally regarded as being appropriate, around half of authorities felt that local need should be the most important criterion for any capital allocation system. In addition, the bidding objectives were viewed by some authorities as having distorted spending priorities and skewed bids away from "basic needs" and towards "flavour of the month" type projects.

The research found that two thirds of bidders succeeded in attracting financial support for their bids from the private and/or non-public sectors, while four-fifths of bidders stated that the implementation of their Capital Challenge projects was dependent in whole or in part on securing funding from other sources. Three quarters of bidders included partners in their bids, although two thirds of these indicated that they only involved existing partners. Half of bidders stated that there was a limited choice of suitable partners who were willing to participate in bids.

The average time spent on the preparation of bids was around 39 person days and the average value of resources used in bid preparation was £14,000. Almost all bidders, 94%, sought advice from Government Offices and 91% found it useful.

Just over half of principal authority non-bidders cited wanting to become debt-free as the most important reason for their decision. In addition, insufficient officer time and the tight bidding round timescales were common reasons for not submitting a bid.

The report of the findings is due to be published in July 1997.

For further details about this project, please contact Richard White on 0171 890 4124

Challenges to Local Authority Audits

The study is being conducted by the Institute of Local Government Studies (INLOGOV) at the University of Birmingham. The aim of the study is to collect information from auditors regarding the extent and pattern of questions, objections and "other communications" relating to the accounts of principal local authorities and parishes in 1994/95. The exercise is primarily fact finding: to determine who is raising questions and objections, about what issues and services and the timing of the communications.

In addition the study is examining the outcomes of the audit challenge process and the associated cost and time to auditors. In particular the study is investigating the ways in which auditors deal with questions and objections, the ability of auditors to provide substantial replies, the time taken to respond, the assistance of challenges to the audit process and any further outcomes.

The study findings are due to be published during September 1997.

For further details about this project, please contact Richard White on 0171 890 4124

Section 137 Funding of Parish Councils

The Department has recently commissioned Aston Business School to carry out a national survey of parish and town councils in England. The research aims to obtain an up-to-date picture of the financing and expenditure of local councils in England with the primary aim of establishing the extent to which they use their power under section 137 of the Local Government Act 1972 and the purpose for which that expenditure is incurred.

The research has been instigated in response to a recommendation made by the House of Commons Environment Select Committee which called on the Government: "to review section 137 of the Local Government Act 1972 at the next opportunity, with particular regard to the cap of £3.50 per taxpayer which is unnecessarily restrictive".

Questionnaires have been sent to 1,000 town and parish councils, with responses due in early August. The research is due to report later this year.

For further details about this project, please contact Joe Biskupski on 0171 890 4125

Research on Local Authority Finance - Taxation

The impact of Empty Property Rates on Business and Business Decisions

There is concern that empty property rates may be having a negative impact on the viability and business behaviour of some firms. Gerald Eve Chartered Surveyors and the Department of Land Management at the University of Reading have been commissioned to investigate the existence and nature of any impact on businesses in terms of the relative effect on different types of firms, the influence on business viability and on decisions to maintain, acquire and dispose of property.

This two-stage project has commenced with a scoping study which will report in the summer. The scoping study will include a review of the available data sources, and a consideration of their relevance and robustness and will advise on the most appropriate methodology for the second stage of the research. The second stage is expected to report in early 1998.

For further details about this project, please contact Joe Biskupski on 0171 890 4125

Appeals to the Valuation Tribunal Service

The Department has commissioned BMRB International to undertake a study to assess users' views on the Valuation Tribunal Service, which deals with appeals concerning local taxation matters. This project focuses on the views of unrepresented appellants who have appealed against either council tax bandings/liability, or against the rateable value of their property and their experiences of the hearing process. The project, which is expected to report in summer 1997, will contribute to the five-yearly review of the Valuation Tribunal Service.

For further details about this project, please contact Paul McCafferty on 0171 890 4103

Research on Local Authority Finance - Standard Spending Assessments

Area Cost Adjustment

Several research projects have been completed which have looked into aspects of SSA methodology. In 1995, the Department established a Review Team to recommend a method of determining the Area Cost Adjustment (ACA). A programme of research was initiated to support the Review and comprised four projects. The main project, undertaken by London

Economics, reviewed the alternative methodologies proposed and pulled together the results from the other projects to identify and test a preferred method of calculation of the ACA. Two studies conducted by NERA considered the labour market theory for an adjustment and the most appropriate data sources to use. The final project was undertaken by Deloitte and Touche and investigated the non-labour elements, such as rates, that merited an adjustment. Executive summaries were published in July 1996 as an appendix to the Review Team report.

For further details about this project, please contact Richard White on 0171 890 4124

Labour Market Areas

The aim of this research is to identify a suitable set of zones for the area cost adjustment element of SSAs. The project is building upon the work of the Review of the Area Cost Adjustment in 1996, which recommended a Regional Pay Premium based on regressions of earnings.

Two contractors have been commissioned to carry out this work. The Centre for Urban and Regional Development Studies at Newcastle University are seeking to implement the Review method by ascribing a separate dummy variable to different areas of the country. They are looking at a range of alternative methods for dividing the country into areas for which dummy variables can be reliably calibrated. Professor David Bell of the Department of Economics at Stirling University is also seeking to implement the Review method through an approach which, rather than fitting independent dummy variables for each area, would seek to fit a three-dimensional surface over the existing geography to represent the regional cost differences. It is expected that the work of both contractors will be completed by Summer 1997.

Labour Costs Survey Data

This project has been set up to consider the validity of using data from the Labour Force Survey between 1993 and 1996 and, potentially, other datasets such as the New Earnings Survey, as an indicator of regional wage differentials in 1990/91. Professor Machin of the Department of Economics at University College London has been appointed to carry out the research and it is expected to be completed by Summer 1997.

Preparation of Labour Force Survey Data

The Department has commissioned the Office for National Statistics to undertake a small-scale exercise

to prepare specially edited databases from the March/May 1996 and September/November 1996 Labour Force Survey to be used in SSA analysis and calculations. This will be carried out in May/June 1997.

For further details about these projects, please contact Paul McCafferty on 0171 890 4103

Standard Spending Assessments

Other areas of SSA methodology which have been examined include two projects by Manchester University and the Institute of Fiscal Studies examining alternatives and improvements to the current regression methods used in SSA calculations. The Office for National Statistics has also carried out work into ways of updating census indicators between decennial censuses by using large-scale survey data and multi-level modelling.

Two separate research projects has also been conducted into costs associated with serving sparsely populated areas (Salford University) and those associated with densely populated areas (Management Perspectives).

For further details about this project, please contact Joe Biskupski on 0171 890 4125

Research on Participation in Local Democracy

The Impact on Employers of Releasing People for Council Duties

There is a need to ensure that people from a wide range of backgrounds are encouraged to stand for election as councillors, and, once elected, to remain as councillors. The implications for employers of their employees undertaking councillor duties has been the subject of some ongoing debate. The research is being carried out for the Department by Social and Community Planning Research (SCPR), in association with Nirmala Rao and Ken Young from Goldsmiths College. The study is seeking to identify current practice among employers regarding time off for councillor service, to compare arrangements with those carrying out other public duties and those that exist abroad, and to identify any difficulties for employers with present arrangements. The study involves a survey of employers, councillors, and findings are expected to be published at the end of the year.

For further details about this project, please contact Richard White on 0171 890 4124

Research on the Delivery and Quality of Local Services

Monitoring Changes in White Collar Service Provision

The Department has commissioned Newchurch & Co to monitor changes in white collar service provision in response to CCT. The first stage of the project, looking at the preparation for competition, has been completed and findings published through summaries in June (for London boroughs and metropolitan districts) and November 1996 (for non-reorganised shire authorities). A follow-up stage is to be undertaken to examine the initial operation of contracts across all service areas, with London boroughs and metropolitan districts to be studied in the autumn and non-reorganised shire districts early next year. The main thrust of the research is good practice in competition for services, with publication due in the Spring of 1998.

For further details about this project, please contact Richard White on 0171 890 4124

The Local Government Research Programme

Dissemination Review

With an annual research budget of over £500,000, the Local Government Research Unit is one of the leading sponsors of research into local government issues. In 1996/97, the Unit completed work on eleven studies, with three studies being published as priced Departmental publications.

With the 1997/98 programme expected to result in increased numbers of publications, the Unit has embarked on a Review of its dissemination strategy.

The key objective of this Review is to assess the effectiveness of the current strategy and to identify areas for improvements, as well as the means of achieving them. The Review aims to answer two key questions: who do we want to inform and what are their requirements. In doing this, it will consider both the most appropriate target audience for the different elements of the Unit's work and the most appropriate means of communicating with this audience. The Review will also consider how to raise generally the external profile of the Unit and how to tailor the outputs of the Unit to enhance their usefulness for the target audience. The Review is expected to conclude in Summer 1997.

For further details about this Review, please contact Richard White on 0171 890 4124

❖ *Local Government Research Programme Publications*

Delivery and Quality of Local Services

“Competing for Building Maintenance: Direct Labour Organisations and Compulsory Competitive Tendering”, B Walker, HMSO¹ 1993.

“Competition and Service: The Impact of the Local Government Act 1988”, K Walsh and H Davis, HMSO¹ 1993.

“Competitive Tendering for Local Authority Services - Initial Experiences”, K Walsh, HMSO¹ 1991.

“Direct Labour Organisations”, Institute of Public Finance, DoE³ 1992.

“CCT: The Private Sector View”, BMRB International Limited, DoE 1995. (Full report³ and summary² available).

“Analysis of Local Authority CCT Markets”, Ernst & Young, DoE 1995. (Full report³ and summary² available).

“Provision of White Collar and Professional Services by Local Authorities: voluntary exposure to market forces”, K Desai and J Sealey, KPMG, DoE, 1996. (Summary only²).

“The Exposure of Professional and White Collar Services to CCT Phase 1: Preparations for Competition among London Boroughs and Metropolitan Districts”, R Taylor, B Setchell, R Pinto, Newchurch & Co, DoE June 1996. (Summary only²).

“The Exposure of Professional and White Collar Services to CCT Phase 1: Preparations for Competition among Non-Reorganised Shire District Councils and County Councils”, R Taylor, B Setchell, R Pinto, Newchurch & Co, DoE November 1996. (Summary only²).

“CCT Non-Bidders: A report on a survey of the views and awareness of non-bidding firms”, BMRB International Limited, The Stationery Office 1996. (Full report¹ and summary² available).

“CCT and Local Authority Blue-Collar Services”, Austin Mayhead & Co Ltd, DoE³ 1997.

Local Democracy

“Identification with Local Areas”, A Hedges and J Kelly, DoE² 1992.

“Parish and Town Councils in England: A Survey”, S Ellwood, S Nutley, M Tricker and P Waterson, HMSO¹ 1992.

“Public Perceptions of Local Government: Its Finance and Services”, P Lynn HMSO¹ 1992.

“Roles and Activities of Parish and Town Councils in England: Case Studies”, M Tricker, J Collingridge, P Gosling, J Green, L Hems, L Mills, S Soni and P Waterson, HMSO¹ 1993.

“Explaining Election Turnout”, C Rallings and M Thrasher, HMSO 1994. (Full report¹ and summary² available).

“Public Access to Information about Local Government: preliminary postal survey findings”, A Maidment and J Steele, Policy Studies Institute, DoE 1995. (Summary²).

“Public Access to Information: an evaluation of the Local Government (Access to Information) Act 1985”, A Maidment and J Steele, Policy Studies Institute, BEBC Distribution Ltd 1995. (Full report¹ and summary² available).

“Faith in Local Democracy”, K Young and N Rao in British Social Attitudes the 12th Report, SCPR 1995. (ISBN 1 85521 606X).

Finance

“The Relationship between Rates and Rents”, the Institute for Fiscal Studies, DoE 1995. (Full report³ and summary² available).

“The Impact of Rates on Businesses”, IFF Research Ltd, DoE 1995. (Full report³ and summary² available).

“Local Authorities Statutory Duties to Consult with the Business Community: preliminary postal survey findings”, N Corble, Newchurch & Company Ltd, DoE 1995. (Summary²).

“An Alternative Geographical Classification for use in the ACA”, M Coombes, C Wymer, CURDS University of Newcastle, DoE 1995 (available on request²).

“Sparsity and Local Authority Costs” J Twomey, K Padmore and N Topham, Salford University Business Services Ltd, DoE 1996. (This is the first part of a two part project - summary available²).

“Local Partnerships: A Research Review of Local Authorities’ Statutory Duties to Consult with Business”, Newchurch & Company Ltd, DoE 1995. (Full report³ and summary² available).

¹ The Stationery Office/HMSO publications are available from (mail, telephone and fax orders only):
The Stationery Office Publications Centre
PO Box 276, London SW8 5DT.
Telephone orders: 0171 873 9090
Fax orders: 0171 873 8200
General Enquiries: 0171 873 0011.

² These DoE publications and research summaries are available from:

Local Government Research Unit
Department of the Environment, Transport
and the Regions, 5/c5 Eland House, Bressenden Place
London SW1E 5DU. Telephone: 0171 890 4123.
Fax: 0171 890 4099.
E-mail: lg3.doe@dial.pipex.com

³ These DoE publications are available from:
Department of the Environment, Transport and the Regions,
Publication Sales Centre, Unit 8
Goldthorpe Industrial Estate, Goldthorpe,
Rotherham S63 9BL
Telephone: 01709 891318, Fax: 01709 881673.

⁴ This publication is available from:
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