Local authorities are in the throes of a revolution. The immediate cause is a wave of legislation changing their methods of raising revenue, their ways of working and the range of their functions. But this, like all revolutions, has deeper roots.

The political, financial and social environment in which local government operates began to change some time ago. Spending and employment rose steadily for 20 years up to 1975, then both levelled off, and capital spending fell very sharply. The last three years have seen a bounce-back; but the government aims to reverse this trend quickly.

More importantly, perhaps, there is no longer a clear consensus about local government's mission. Local authorities are no longer regarded as necessarily the only, or best, providers of their traditional services. An implicit belief in the ability of large-scale public bureaucracies to solve social problems has been replaced by scepticism, doubt and willingness to experiment with other methods. There are ever louder calls for more responsive structures and more local flexibility. And as the consensus has broken down, so national and local politics have become more polarised, creating new tensions within local authorities themselves.

Eight key factors stand out. The well-managed council will:
1. Understand its customers
2. Respond to the electorate
3. Set and pursue consistent, achievable objectives
4. Assign clear management responsibilities
5. Train and motivate people
6. Communicate effectively
7. Monitor results
8. Adapt quickly to change.

This may look like a definition of motherhood— to good managers all definitions of good management seem bland. Many councils already have these attributes. But few are strong in all of them and others would score very poorly indeed.

The aim of this Management Paper is to stimulate debate about how to build strong management into those local authorities where it is lacking. It suggests some practical ways in which authorities can strengthen their capabilities. Further Management Papers on individual elements of the required management mix will be published.
THE CHALLENGE

1 Even in the absence of legislation this would be a period of change for local government.

2 During this decade a massive shift in the relative size of councils' principal client groups is under way. The number of secondary school children will fall by 25 per cent, while the number of elderly elderly—people over 85—will rise by almost 50 per cent, as shown in Exhibit 1. At the same time the nature of some services has altered significantly. Community care policies require new skills and different facilities, for example. Local authorities have also been in the front line of the battle against other social problems such as persistent high unemployment and rises in the level of reported crime.

3 The government’s legislative programme adds a new dimension to the challenge. Four major measures, taken together, could alter the landscape of local government more dramatically in the next three years than any period since 1945—including the reorganisation of 1974:

- the replacement of domestic rates with the community charge, and the “nationalisation” of business rates
- compulsory competitive tendering for a wide range of council services
- radical educational reforms
- measures to break up council estates.

‘...the old consensus has gone ...’

4 But exclusive focus on the impact of this legislation understates the importance of longer-term forces affecting local government's role. Until recently there was broad agreement about the proper role for local authorities and this involved four main assumptions:

(a) the public’s needs for services such as education, community care and housing were far from satisfied. To fill the gaps, services would steadily expand. The only question was—how fast?
(b) gaps were mainly expressed in quantitative terms, for example the number of houses to be built;
(c) the best way to provide most of these services was via the public sector, financed by taxation. And local services were naturally the responsibility of local authorities;
(d) in managing these services, professionalism, planning, and coordination were the key requirements, rather than grass-roots initiative. This led logically to larger authorities.

5 These principles were almost universally agreed, and during the three decades following the war members of all political parties worked with officers to put them into practice.

6 Many people still accept these assumptions, but many others, not confined to supporters of the present government, question every one of them. Rightly or wrongly, the old consensus has gone, and it is unlikely to be restored for some time. In this changed environment, five main features stand out: all pose particular management problems with which all authorities must cope.

CHANGES IN LOCAL AUTHORITY CLIENT GROUPS

Exhibit 1

Changes in local authority client groups

Exhibit 2

Changes in local government resources – real terms

Exhibit 2

— real terms

1953 = 100

Exhibit 2

The old consensus

Exhibit 1

Changes in local authority client groups

Exhibit 1

1980 = 100

Exhibit 1

Changes in local government resources – real terms

Exhibit 2

Revenue expenditure

Staff

Capital expenditure

Exhibit 2


Exhibit 2

Revenue expenditure

Staff

Capital expenditure
Limited Resources

7 Restraints on local government spending have been less dramatic than some feared, or others hoped (see Exhibit 2). But the change in the underlying climate has been quite distinct. Instituted as a response to national economic difficulties, a formidable system has now been erected to restrain the expenditure of local government in general, and high-spending councils in particular, with:

– tight controls on capital spending
– real reductions in grant and associated penalties on high spenders
– a new local tax regime based on the community charge, which is intended to sharpen the relationship between local taxation and local spending.

8 The specific formulations of government policy can change. But the shift in public attitudes that underlies this more stringent regime is well established, so it is no longer sensible to assume that service spending will progressively increase from year to year. One traditional local government response to problems – increased spending – will be more difficult. More management attention will need to be focused on using resources efficiently, and on identifying sources of savings side by side with new service developments.

More Demanding Customers

9 The second assumption was that local authorities' main mission was to provide more service, in quantitative terms. Services were provided to meet the needs of a known set of clients. These needs far exceeded the service available; progress therefore consisted mainly in providing more: more houses, more college places, more social service facilities, more swimming pools, and so on. The volume of services provided was usually measured in terms of inputs–money spent, people employed. Quality was something of a detail, and was not allowed to stand in the way of quantity. Councils were, for example, deliberately encouraged to build high-density, high-rise buildings, using the fastest construction methods available.

‘People no longer accept that the council knows best’

10 Things have changed. There may still be major gaps between needs and services, but councils' customers are more demanding and less grateful. They are also better informed, and better able to articulate their demands. People no longer accept that the council knows best. Scarcely a week passes without some major criticism of council services, criticisms which (unlike those of the NHS) focus more on quality than on quantity. Council flats built to meet the quantitative targets of the 1960s are no longer regarded as habitable, and are being expensively demolished.

11 Clients have now become customers, and quality is replacing quantity as the main target for local authorities. Yet few seem explicitly to recognise this shift.

Competition...

12 It was also generally assumed that direct public provision was the best way of meeting the needs for most basic services. Council schools, houses, old peoples' homes and many other services replaced and rationalised the inadequate and uncoordinated efforts of the private and voluntary sectors, and formed a virtual monopoly for large sections of the population. Moreover, it was generally accepted that local authorities should not only be responsible for providing these services, but they would also employ nearly all the staff involved in supporting them. The word competition was hardly ever heard.

13 Here, too, thinking has considerably altered and legislation will now impose radical change.

...for Work

14 The use of contractors, and the practice of comparing in-house with outside services, is not new, and has been gathering pace during the 1980s as part of the drive for increased value for money. These are natural developments which the Commission considers to be wholly desirable.

‘The word competition was hardly ever heard’

15 The 1980 Planning & Land Act introduced the principle of compulsory competition for building work. Eight years later, that principle is now to be extended to virtually all direct-labour work. This will have a much more dramatic effect than the 1980 Act: it brings in areas where few authorities have any experience of contracting out; it will be much harder to shield inefficient in-house services or to invoke non-financial objectives; and direct services to the public, such as refuse collection, will now be involved. Whether the tender is won by the in-house contractor or by an outsider, the council's involvement in the service will be different. The council will remain the client, responsible for deciding the type of service to be provided, and for ensuring that it is provided properly, but council committees will lose day-to-day responsibility for operational management.
Even if the contract is won by an in-house organisation, its managers will have to manage their operation on a different and more commercial basis, since they will remain permanently exposed to competition.

...for Customers
16 More fundamentally still, local authority dominance over many services is now challenged. The change has already begun in some areas. There has been a threefold expansion in private residential accommodation for the elderly during the last ten years, reducing councils’ share of the market from 65 per cent to below 50 per cent.

17 This process may now be sharply accelerated by legislation, which has the explicit objective of breaking local authorities' monopoly over key services: – the Education Reform Bill allows individual schools to “opt out” of LEA control. Some LEAs may cease to be the dominant local provider of schooling; their schools will face active competition for pupils. And the lifting of admission constraints will open the principle of competition to individual schools within the LEA system; – the halt to most council house building, and the attractive right-to-buy terms, have already reduced councils’ share of the housing market, (down from a third to a quarter during the last 10 years). In future, councils will face competition for tenants from new types of management organisations and from the private sector.

18 Some councils are already considering privatising other services, for example recreation facilities and residential homes, and the compulsory competition legislation could well be extended to these and other areas.

Localisation
19 The fourth basic assumption now under challenge is that services are best provided by big centralised authorities, with the ability to employ a suitably professional organisation, and to coordinate activities on a large scale. This philosophy led to the amalgamation of local councils into much larger units, and already sizeable county boroughs with long historical roots gave up important functions to new or enlarged upper-tier councils. Thinking here has also changed. It is recognised that large size also has disadvantages: loss of responsiveness, loss of local initiative, and sometimes excessive administrative costs – factors which can more than offset the advantages of large size.

‘...questioning the need for large numbers of staff not closely linked to customer service.’

20 At the same time, local authorities themselves are increasingly recognising the benefits of localising their own operations:
– locally based management can be more responsive to local needs, which should be the key strength of local government
– delegation can produce better results from people in the organisation
– localisation can reduce bureaucracy and cost; new technology makes this feasible without necessarily losing the advantages of central coordination and control.

21 Unplanned, or half-planned, decentralisation can create more problems than it solves. But councils are now increasingly asking themselves difficult questions about the value of their central organisations and questioning the need for large numbers of staff not closely linked to customer service.

Polarised Politics
22 As the national consensus about local government has broken down, so local politics has become more polarised. As Widdicombe reported: – the number of independent councillors has dropped from 39 per cent to 15 per cent in the last 20 years and the number of councils not controlled by political parties from 50 per cent to only 14 per cent (see Exhibit 3); – the differences between the main parties (and sometimes within them) are more intense, and more based on political ideology. Their behaviour
differs more sharply, for example over contracting out, privatisation, implementing the right-to-buy, and above all on the balance between spending on services and the level of the rate;

– members are often more assertive, seeking to take the initiative in policy-making and, sometimes, in day-to-day control over operations.

23 There will always be politics in local government. It is the way in which the competing claims of different groups are resolved. But these developments have created new tensions between members and officers, and increasing uncertainty about officers’ proper relationship with the political groups and leading members who increasingly dominate the council’s key business. There need be no conflict between politics and sound management, but both must recognise the distinction between the two. And although the borderline can vary from council to council, its location must always be clear.

KEY SUCCESS FACTORS

24 These trends, and the government’s legislative proposals, will affect different authorities in different ways. But all will feel the wind of change. Their responses will vary, also. There is still plenty of scope for local political discretion, but in management terms there will be some key success factors (KSFs) common to all councils.

25 In the Commission’s view, a well-managed authority will:

Understand its customers
Respond to the electorate
Set and pursue consistent, achievable objectives

26 An authority with a good story to tell in each area will find itself well able to meet the challenges set out in the previous section (see Exhibit 4). The remainder of this section describes what is meant by these KSFs; the last section starts to explain how to acquire or strengthen them.

Understand its Customers

27 A local authority exists to provide services for the public. The only value of services is the extent to which they satisfy popular needs. There is nothing new in the concept of understanding customers, but the changes in prospect make the task more urgent and more difficult:

– so long as needs were considered to be mainly quantitative, understanding customers was largely a matter of statistical forecasting—every new house built and occupied was by definition one more customer satisfied. Qualitative needs cannot be simply added up or projected; they have many different facets; they are constantly shifting; and no two customers have identical needs. It is therefore essential genuinely to understand customers, rather than simply to assume what their needs ought to be;

– the onset of competition makes understanding customers more urgent; the penalty for failure will not simply be poor service, but the loss of the customers to competitors that understand them better.

28 Understanding customers will thus be one of the most important characteristics of a competitive council—and one of its most difficult tasks. “Clients” need to be treated as “customers”; services need to be provided for the public rather than simply to it.

Questions for the competitive council:

• do staff think of the public as customers with views and choices?
• does the council test customer views and build the responses into policy planning and implementation?
Respond to the Electorate

29 Individual departments and managers serve, and need to understand, particular sets of customers or clients. The whole council serves and is responsible to the entire electorate. Some residents depend heavily on council services, others perceive little need for anything beyond the collection of their refuse. But residents as a whole do have some common interests. Most of them pay rates directly or indirectly and most of them can vote.

30 The degree of general public support for local government is difficult to assess; however it is a consistently disappointing feature that while the turn-out in national elections in this country is similar to that in the rest of Europe, the turn-out in local elections is little over half, as shown in Exhibit 5. For whatever reason, the direct linkage between councils and their electors is not as strong as it might be.

31 Settling the appropriate balance between the interests of ratepayers and the interests of customers is one of the central rights of a local authority. It is inherent in this right that different councils will draw the balance differently. And, apart from the few rate-capped councils, none of the recent legislative changes takes away this right. On the other hand, they increase the risk to councils that fail to take adequate account of the interests and attitudes of their residents as a whole.

32 Political preferences change. But the position of the council within its community will be more secure if it can demonstrate that it responds to changing demands by the electorate and, perhaps most importantly, that the council is conscious of the need to provide value for money, whatever services are demanded.

34 Setting clear objectives has always been a central characteristic of good management. In future it will be even more important that these objectives are consistent with each other and achievable:

- limitations on resources also make it much more important to be realistic. Plans for expanded service in one area will not be realised unless the funds can be found by economies of improved value for money elsewhere. Objectives for one without the other are inconsistent, unachievable, and quite simply pointless;
- the competition legislation will require councils to specify what the contractor will actually do, not what the council would ideally like to be done. If a perfect standard is required, then the cost has to be faced at the outset. If the cost has to be lower, then the consequent shortfalls in service have to be made explicit and accepted.

Set and Pursue Consistent, Achievable Objectives

33 Local authorities determine their own objectives, and there would be little purpose in local democracy if these did not differ from one authority to another. This is the most important contribution of members and the central focus of politics.

Assign Clear Management Responsibilities

35 Local authorities are relatively large organisations; objectives may be set centrally, but they are put into practice by committees, individual departments and their front-line managers or, increasingly, by external contractors under council supervision. These departments, individuals, or contractors will only do what the council wishes to
be done, if both sides know and agree what is expected of them, in other words, if their responsibilities are clearly spelled out. This too is an old principle of good management which will be more critical in the future. The only way properly to harness politics and management is for members as a whole to assign very clear management responsibilities to officers, to set a framework of accountability and then let them get on with it.

Blurred responsibilities not only create uncertainty, but also permit people to “pass the buck”, and undermine the basis on which good performance depends.

36 Blurred responsibilities not only create uncertainty, but also permit people to “pass the buck”, and undermine the basis on which good performance depends.

37 The single most powerful reason why some organisations are consistently more successful than others is that their employees are better trained and more highly motivated than those of their competitors.

38 Success and failure may be less obvious in local government than in the private sector, but nowhere else are people so important. Most local government services are directly provided by people – teachers, social workers, home helps, counter staff and so on – some two million people in all. Facilities may also be important, but the key determinant of the quality of service is the quality of these people. As the demands and techniques of their jobs change, they must be trained to adapt. And they must feel that their contribution is valued by the organisation within which they work.

39 Motivating people has several aspects: what responsibilities they are given, how their performance is appraised, how they are rewarded (or penalised), the working environment, and the underlying “culture” of the organisation within which they work. It is a central part of management under any circumstances, but can only become more critical for local authorities in the future:
- if authority is delegated further down the organisation more and more managers must be self-starters;
- the greater emphasis on service quality and responsiveness likewise puts more onus on individual initiative in responding to the customers’ needs.

Do all managers have clear responsibilities and agreed goals?
- is someone responsible for everything?

Train and Motivate People

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Communicate Effectively

40 Management success depends on the ability to communicate, to everyone within the organisation, what they need to do and the importance of their work. Effective communication is vital in a period of change – people will simply not respond unless the desired changes have been properly explained. And the more that staff are expected to use their own initiative, rather than simply obey orders or follow standing procedures, the more important it is to communicate what council’s objectives are. Communication of some sort takes place automatically, if only through the “grapevine”. Effective communication does not: it needs to be planned, carefully executed, and the results monitored. Some councils have found that developing a “corporate image” is an effective way to do this.

41 Communication upward is also important; most of a council’s contact with its customers is in the hands of front-line staff, and the listening to their experience is essential to understanding customers properly.

42 The third axis of communication, outwards to electors and customers, is inevitably overlaid with politics. A well-managed authority will be able to communicate its objectives in simple and straightforward terms to the community at large and to explain the extent to which they are being achieved. But communication does not just mean telling people how good you are, it means presenting a responsive and user-friendly face to customers in all circumstances.

How does the council communicate its own objectives and results to all interested parties: electors, ratepayers, and customers?
- what internal channels of upward and downward communication are open and how well do they function?

Monitor Results

43 Every local council is answerable to the public for the quality of its services, and for their value for money. It lays down objectives, sees that the necessary services are provided, and then needs to monitor the results. Customers also monitor services, as do outsiders such as the Audit Commission and its auditors, as well as some more hostile critics.
44 The need to monitor results better is universally accepted in local government—the problem is that few councils do it very well, and some scarcely do it at all. In the Commission’s view, it is the function that most authorities do least well and should be the easiest to correct. The real difficulty in measuring or monitoring some aspects of council services is no excuse for failure to monitor those results that easily can be measured. The monitoring system need not be complex or very time-consuming. In smaller authorities it can be quite straightforward. But every council must at least develop some notion of developments in its overall productivity.

- how does the council assess success or failure, service by service?
- what consequences flow from those assessments?

Adapt to Change

45 Finally, the changes now facing local authorities—and the great uncertainty about their exact impact—will put a premium on their ability to adapt quickly and effectively to change. But this is not the first time local government has been required to make major changes and it will not be the last. Adapting to change means several things:

- the ability to react to unpredictable change without being blown off course
- the ability to anticipate change, and so avoid the need for last-minute reaction
- the ability to exploit change and to turn it to advantage.

46 Councils have rightly complained about the uncertainties of the government’s revenue support, which make forward planning difficult. But many commercial organisations face similar uncertainties and built-in adaptability is an essential characteristic of good management. Too many councils have planned ahead on the basis of one forecast scenario only—and often not the most likely one—leaving themselves no room for manoeuvre to cope with other possibilities. Contingency planning is an important skill that needs to be developed quickly.

- what will happen if revenues are lower than expected, or costs higher?
- is there a planned response to current and likely future legislative changes?

The Role of Members

48 A council may largely act through its paid organisation, but it is led by its members, who determine funding, policy and major management decisions, and are answerable to the electorate for them. Clarity in the definition of the respective roles of members and officers is essential.

49 Though much else has changed in local government, there has been remarkably little development in working procedures for members, and these are easy to criticise:

- unlike the arrangements in national government (or in local government overseas), there is no formal distinction between the council as a local “parliament” and as an executive—it is assumed to be both at the same time;
- councils’ formal business is conducted mainly in committee meetings. The legalistic conduct of these meetings, their mixture of policy deliberation, quasi-legislative decisions and detailed operational business, does not facilitate policy planning or efficient decision-making.

MANAGING BETTER

47 The previous section described a set of eight key success factors for all councils. The means of achieving those objectives will vary from place to place. In many authorities the Commission’s auditors have already pointed the way to needed specific improvements. Review of this experience suggests five areas in which improvements are very often essential if progress is to be made in the eight areas identified (see Exhibit 6).

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local authority procedure does not recognise the political parties and groups where key decisions are actually formulated, or the role of these leading members who may run the authority much as ministers run national government;

members' role is assumed to be confined to attending committee meetings; council procedure largely fails to recognise, support (or pay for) the immense amount of work undertaken by members outside those meetings.

'distinguishing clearly between the roles of members and officers.'

These critical issues were given a full airing in the Widdicombe Report, to which the government has so far made little response. In the meantime, authorities must make the best of a bad job, by:

- distinguishing clearly between the roles of members and officers. Good local government requires clear policy direction by locally elected members on the one hand, and professional management on the other;
- clarifying the different roles which individual members may adopt. Some members lead in policy matters; others prefer to act solely as ward representatives. Council procedures should recognise these differences in the help and support they provide.

The different elements of a member's role merit longer discussion; the Commission will publish a further Management Paper on the subject shortly. But, at the risk of oversimplification, four strands may be identified.

- **Policy formulation:** members' most important direct role. Policy-making should not be delegated to officers, and committee agendas should allow explicitly for discussions on policy. Too often, day-to-day detail "crowds out" long-term policy.
- **Representation:** every member represents the interests of his or her area and supports the grievances of individual constituents. Members performing this role are sometimes seen as interfering in the management process. That is wrong – representation is a key function and should be viewed as a potential aid to policy-making, not a hindrance.
- **Performance review:** members have a key role in monitoring and appraising performance, yet most councils' management arrangements do little to promote this.
- **Operational management:** there is a part for members to play, but it must be carefully circumscribed. They should ensure that the council has an adequate management organisation to implement policy, assign clear responsibilities and hold officers accountable for results. Aside from this, members should eschew detailed interference in day-to-day operational management. Contracting-out will in any case make this practically impossible in many areas.

Recognition of these different elements, and explicit definition of the boundaries between policy-making and its implementation, help to lay sound foundations for the management structure of the whole authority.

Policy Planning

Every council plans in great detail for the coming twelve months, and every department of necessity does some planning over a longer horizon, but systematic forward planning has fallen into disrepute, and relatively few authorities prepare a comprehensive financial and policy plan covering more than the year ahead.
This should:
(a) highlight the main aims the council wishes to achieve during the next few years;
(b) ensure that they are consistent with the resources likely to be available; and
(c) identify what needs to be done to ensure implementation.

Such a planning system should also provide the central forum within which members work with officers to identify the main issues facing the council, to debate the best way of dealing with them, and to ensure that members' objectives are, so far as possible, translated into action by officers. Unlike the complex and detailed planning systems once in vogue, what is required is quite a simple process, focusing on a limited number of key issues, and with most of the subsequent work undertaken within individual departments.

The forward plan should not include detailed targets for every activity. However, major developments should have specific yardsticks and dates attached, so officers know what is expected, and members can judge whether they have been achieved, for example, numerical targets for the increase in family placements and the closure of children's homes.

Some authorities have also found it valuable to secure council approval to a forward-looking document setting out the main elements of the council's management approach which can provide an agreed framework for specific management changes, each of which might otherwise be difficult to achieve.

Performance Review

Members and officers can only evaluate the success of a service if they have first defined what performance they expect. This means defining what good performance actually means, and how it is to be measured, and then laying down targets or benchmarks for the level of performance actually expected. It is difficult to measure the quality of many services, let alone their ultimate "impact" on users. This is a real problem, and the Commission commends the many efforts under way to improve the measurement of performance, for example the use of photographs to define standards and measure the performance of street sweeping. Competitive tendering has added practical urgency to this task.

But local authorities still commonly fail to set objectives and measure performance even where appropriate measures are readily available. Performance can be measured, and targets set for four types of parameter:
(a) The resources used (input)
(b) Customers and their needs (demand)
(c) The service provided, measured in quantitative terms, and also, if possible, in terms of quality (output)
(d) The results achieved in terms of the number of users, and also, if possible, the qualitative result (output quality, or outcome).

These four types of measures can be combined to derive a number of different ratios or performance indicators as shown in Exhibit 7. Performance should then be monitored at appropriate intervals, and at the appropriate level, and compared with the targets or benchmarks set.

...essential to involve line managers ... in the financial control process.'
important in terms of motivating staff. One of the characteristics of a well-managed organisation is that staff know that their performance is monitored and if necessary reviewed, and they perform better as a result. Slack performance review can make slack performance an endemic problem.

Financial Control

64 Financial control systems serve several purposes, including the avoidance of overspending, of fraud, and of waste. Control is nominally the responsibility of the council’s chief financial officer. But most money is actually spent by service managers, so financial control only operates effectively if it influences their behaviour.

65 Poor financial control (in the sense of prevention of budget overspending, or fraud) is not a major problem at most authorities, but the systems commonly used have two important defects:
– they place unnecessary constraints on managers’ ability to manage at the detailed level, while at the same time their overall performance may be subject to very little scrutiny;
– managers perceive financial control as a constraint imposed from outside rather than as an integral part of their own job. Treasurers receive less cooperation than they should; their staff spend too much time on details, rather than on more strategic issues.

66 If councils are to make the maximum use of their management potential and financial resources, it is essential to involve line managers more closely in the financial control process. This requires a number of developments:
– every part of a department’s budget should be assigned to a designated “budget-holder” – typically a frontline manager such as a head teacher or the manager of a recreation centre who should take the lead in preparing his or her own budget;
– each budget holder needs to receive clear and prompt reports showing what they have spent to date, and compare this with the budget. Financial systems should be aligned with management responsibilities;
– managers should then accept a greater degree of responsibility for their own financial control.

67 This does not imply a reduction of overall control over the budget. Central control over the total expenditure of budget holders should be tighter: budgets should be set up as cash limits; managers should be expected in the first instance to look for offsetting savings in their own budgets, rather than seeking a supplementary estimate.

People Management

68 Local government is a people business. Many of the worst problems faced by authorities today result from the absence of good people, or poor training or motivation of those people who remain. In part, at least, this is a self-inflicted wound. Some authorities have neglected personnel management, and their responsibility to train and retain a skilled workforce.

69 Central personnel departments in local authorities vary widely in size, functions and influence. Their core function, and their main source of authority, tends to be the operation of a number of central controls over the way in which departments manage their personnel, in particular their right to approve changes in departments’ establishments, their last word over matters of pay and conditions, and their authority over grading decisions. Some of these central controls over details could well be relaxed. Personnel departments might concentrate instead on the positive, forward-looking elements of their responsibilities: what is the authority’s attitude to training, how important is it seen to be, how good is morale, and what is done to nurture and improve it?

Making It Happen

70 In some ways these developments deliberately reduce personnel professionals’ power, but they also extend their influence: centralised rules rarely have much effect on how people are managed or how skills are used, but these are precisely the areas that training and appraisal systems try to influence. Rules can only affect an organisation’s style by making it more cautious and less innovative.
73 But the centre should not normally interfere in the delivery of local services, once policies and plans are set. The balance between the requirements of political and managerial accountability must be reconciled with chief officer and committee responsibility for service delivery. The respective roles of the political leadership, the chief executive, chief officers and committee chairs must be clear (Exhibit 8). The chief executive has a pivotal role in managing the interrelationship between the political and the management processes. The success of this is one of the most crucial factors in the well-managed authority.

74 The ways in which these issues might be addressed, and how these balances can be struck in different local circumstances will be the subject of a further Management Paper.

75 The most widely sold book on management in the last 20 years, In Search of Excellence, was described by one successful company chairman as "a blinding flash of the obvious".

76 The Commission would not wish to make such an extravagant claim for its own work. Its modest objective has been to set out some desirable ends, and suggest some questions with which managers can begin to conduct a self-diagnosis of their own state of preparedness to face the challenges of the future and build a competitive council. Only tentative answers have been suggested here; more detail will follow in subsequent Management Papers. But it is local authorities themselves who will find the answers needed in their own circumstances. The Commission's aim in its central work is to stimulate debate; its local auditors are one source of more practical assistance.