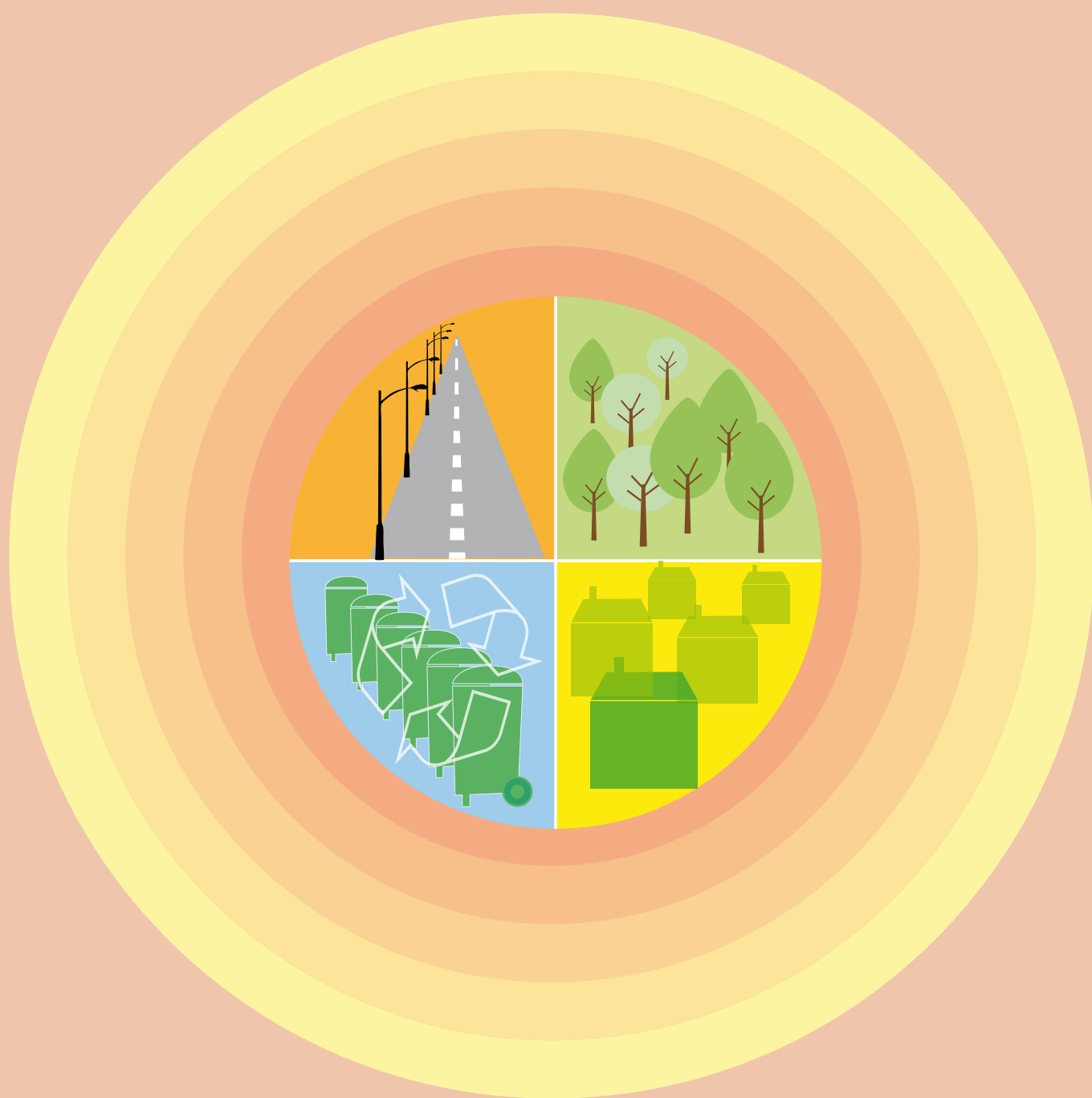


# The impact of devolution upon frontline services





# **The impact of devolution upon frontline services**



**APSE (Association for Public Service Excellence)** is a not-for-profit local government body working with over 300 councils throughout the UK. Promoting excellence in public services, APSE is the foremost specialist in local authority front line services, hosting a network for front line service providers in areas such as waste and refuse collection, parks and environmental services, leisure, school meals, cleaning, housing and building maintenance.



**The Centre for Local Economic Strategies**, established in 1986, is an independent think-doing organisation and network of subscribing organisations involved in regeneration activities, local economic development and local governance.

CLES combines policy development, an information and briefing service, events and a consultancy arm. CLES is unique; our network of subscribing organisations, consultancy clients and our grounded experience of policy means we are well placed to represent practitioners and develop ideas and policy that work on the ground.

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# Contents

<b>1 Executive summary</b>	<b>5</b>
<b>2 Introduction</b>	<b>7</b>
2.1 The devolution context	7
2.2 Devolution and frontline services	7
<b>3 Review of the devolution narrative</b>	<b>9</b>
3.1 The policy narrative	9
3.2 The literature narrative of devolution	9
3.3 The key gap	10
Table 1: Summary of agreed devolution deals	12
<b>4 Linking devolution to frontline services</b>	<b>13</b>
4.1 Respondent profile	13
4.2 Present challenges for APSE members	13
4.3 Future challenges for APSE members	15
4.4 The potential of devolution	16
4.5 Future linkages between devolution and frontline services	17
<b>5 Devolution and frontline services in the locality</b>	<b>18</b>
5.1 Nottingham’s devolution story	18
5.1.1 Local control, a direct line to government and extra cash	18
5.1.2 “Frontline services are the local agenda”	18
5.1.3 Potential frontline impacts unknown	19
5.1.4 No deal for D2N2	19
5.2 Strong partnerships and a common purpose	19
5.2.1 Build on existing strengths and relationships locally	19
5.2.2 Create something people want to be involved in	20
<b>6 Concluding thoughts and looking forward</b>	<b>21</b>
6.1 Concluding thoughts	21
6.2 Future implications for frontline services	21
6.2.1 Frontline services have a key role in maintaining the infrastructure put in place through devolution and wider economic development and growth.	22
6.2.2 Frontline services have a key role as enablers through the resource they provide to support the broader objectives of localities and their devolution deals.	22
6.2.3 Frontline services have a key role in supporting the needs of the communities in relation to housing provision.	22
6.2.4 Frontline services have a key role as the providers of co-ordinated local services.	22



# 1. Executive summary

To date frontline services have been absent from the devolution debate despite forming a crucial part of local government that stands to be affected by the implications of devolved power. This report focuses on exploring the impact devolution in England is having on the provision and delivery of frontline services in local government now and in the future. It also outlines why frontline services should form a core component of the debate moving forward.

Since the first devolution deal for the Greater Manchester Combined Authority was signed there has been a surge in the number of conversations opened up between Central Government and localities around devolution. More than thirty areas have put forward bids for devolved power, with nine of these securing devolution deals containing powers over aspects of transport, housing, adult education, business and employment support, public services and finance.

Whilst the range of powers devolved is broad, this research found that frontline services have largely been omitted from the devolution debate with conversations taking place at a strategic level with little engagement or consideration of on the ground services. This is despite the potentially wide-ranging implications for frontline services.

The importance of effective relationships between strategic leaders and frontline services was highlighted through conversations undertaken as part of this work. Through interviews and survey work it became apparent that frontline services were disconnected from devolution with many frontline interviewees admitting they knew relatively little about the agenda or the potential of devolution and were therefore concerned about what devolution meant for them and their service.

There has been little if any work carried out at the combined authority level that looks into the frontline impact of agreed devolution deals. It follows then that frontline services are sceptical of the devolution movement and identify it as nothing more than a thin veil for further Government cuts. Using these conversations, a survey of APSE's membership and desk-based research this report draws together four key reasons why frontline services and the impact upon them should be considered in future devolution deals:

- Frontline services have a key role in maintaining the infrastructure put in place through devolution and wider economic development and growth;
- Frontline services have a key role as enablers through the resource they provide to support the broader objectives of localities and their devolution deals;
- Frontline services have a key role in supporting the needs of the communities in relation to housing provision;
- Frontline services have a key role as the providers of co-ordinated local services.

This is potentially a part of a new type of person-centred devolution built on the back of strong relationships between strategic leads and frontline services that goes beyond hard infrastructure. Should devolution maintain its place on the political agenda following the election of a new government and throughout ongoing Brexit negotiations there is an opportunity for the next round of devolution deals to be shaped far more collaboratively with frontline services.

But if devolution does slip down the agenda, we would argue that this does not mean a better relationship between frontline services and strategic policy makers at the local level is not possible or necessary. This improved relationship does not necessarily have to come through the auspices of devolution, but instead through effective joint working where the following common principles are at the heart of any approach:

- Integration of service planning and delivery;

- An approach driven by local control and circumstances;
- Service provision framed by considerations of both efficiency and effectiveness;
- A balance of in-house provision and commercialisation (where appropriate and evidence based);
- A renewed emphasis on the role of frontline services contributing to wider outcomes;
- A challenge to austerity through delivering more innovative and effective public services.



## 2. Introduction

This publication has been developed by the Association for Public Service Excellence (APSE) and the Centre for Local Economic Strategies (CLES). Its focus is upon exploring the impact devolution in England is having upon the provision and delivery of frontline services in local government. As devolution has evolved over the last few years and deals have been agreed between localities and Government, the debate has been remiss of any conversation about frontline services. In this publication, we explore how frontline service provision has been and could further be affected by devolution now and in the future and why frontline services should be considered as a core component of the debate moving forward.

### 2.1 The devolution context

The concept of devolution has been offered by Central Government to localities as the means in theory through which they can address an array of challenges. By devolving power to city and sub-regions in exchange for the introduction of elected mayors and integrated governance arrangements, Government are suggesting that local authorities and other partners have the tools to respond to austerity and address real 'wicked issues' facing places whether that be the growth of the economy, addressing poverty and inequality, or environmental concerns. In theory, devolution is also meant to reduce the centralised nature of the UK state with the devolving of responsibility away from Whitehall towards city and sub-regions.

In practice, bar the notable exceptions of some city-regions with strong historical governance arrangements and experience of joint working, devolution has actually further complicated the relationship between Central Government and city-regions. The process of developing devolution deals with Government has become one of negotiation, with deals struck in back rooms and only when Government can see a financial gain and/or the relinquishing of some aspect of delivery that they do not want direct responsibility for anymore. It has also led to disagreements and broken relationships at the local level as places have not been able to agree governance structures, nor their 'asks' of Government.

Indeed, there are a number of key questions to be asked around the devolution process so far:

- Is this real devolution of power and resource or is this just a relinquishing of responsibility?
- Is devolution a 'smoke-screen' for further cuts and austerity?
- Why is devolution of power not being accompanied by real fiscal devolution?
- Is a directly elected mayor the most effective model of local accountability and democracy?
- Should places not be adopting collaborative and integrated models of service delivery anyway – do they need the ratification of Central Government?
- Why are places struggling to draw together appropriate devolution deals and governance structures – how can the challenge of politics be overcome?
- Why does the core focus of devolution appear to be on increasing the tax base and contributions and reducing spend on public services?
- How can devolution go beyond existing considerations to encompass a broader set of policy challenges?

### 2.2 Devolution and frontline services

It was the final question above and the relatively narrow focus of devolution and deals to date which sparked APSE and CLES to pursue this piece of work. We collectively felt that there was a real gap in considerations of frontline services in the whole concept of devolution and indeed the likely impact

of devolution upon the provision and delivery of frontline services. We therefore wanted to build on research and publications undertaken by APSE and CLES to date including work exploring the value of public employment<sup>1</sup>; work identifying the local economic footprint of public services<sup>2</sup>; and work exploring the merit of returning public services back to in-house provision<sup>3</sup>.

For APSE, there is an inherent relationship between devolution and frontline services, which is borne out in the ensuring council<sup>4</sup> work which highlights the role for future local government as public stewards, local brokers, and public valuers. This piece of work goes a step further to explore why and how frontline service provision could and should be a core component of the debate around devolution and practice moving forward. We asked ourselves six key questions:

1. Is there a relationship between devolution and frontline services?
2. How have areas considered frontline services in their devolution deals?
3. What are the emerging impacts of devolution on frontline services?
4. How are areas balancing devolution and the need to make efficiencies in frontline service provision?
5. How are areas costing the impact on frontline services and what are these costs?
6. How are areas joining up the provision of frontline services with other agendas?

To answer the above questions and to identify specifically the impact or likely impact of devolution upon frontline services, we have undertaken four key activities. First, we have reviewed existing literature and commentary around devolution, with a view to exploring the relationship between devolution and frontline services and also answering some of the key questions around devolution detailed earlier (the findings are detailed in section 3). Second, we have examined the content of the existing devolution deals between Government and places, to explore the extent to which places have discussed or considered frontline services (also detailed in section 3).

Third, we have conducted a survey of the APSE membership base in order to identify the perceived impact of devolution upon frontline services in their area and particularly how it is linking to other key agendas including the need to respond to austerity and make efficiency savings (the findings are detailed in section 4).

Finally, we have conducted case study research in one locality to explore their experience of devolution to date and if frontline services were a key consideration for them in drawing together their 'asks'. It is important to note that the case study chosen was deliberately a locality which had not yet agreed a devolution deal with Government and perhaps was unlikely to do so in the near future. This has allowed us to explore their alternative approach to a devolution model.

As the work evolved two factors became evident. First, the political narrative around devolution started to wane evidenced by its absence in consecutive Autumn Statements and Budgets, and an admission from Central Government that the capacity required to negotiate on deals with localities was simply not there. Second, that the benefits of devolution in reality will not be open to all places and as such it is important to understand what places can do in terms of collaboration and integration at the local level to bring about some of the types of benefits devolution may bring elsewhere.

Each of the above activities and recognitions have informed section 5 of this publication, which concludes and provides recommendations for why and how frontline service provision could and should be considered as a core component of the debate around devolution and practice moving forward.

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1 APSE and CLES (2007) *Towards a future for public employment*.

2 APSE and CLES (2008) *Creating resilient local economies: exploring the economic footprint of public services*.

3 APSE and CLES (2009) *Insourcing: A guide to bringing local authority services back in-house*

4 APSE and Local Government Research Unit (2012) *The ensuring council: an alternative vision for the future of local government*.

## 3. Review of the devolution narrative

This section of the publication reviews the policy history around devolution and the narrative put out by a variety of policy commentators. Its purpose is to explore the relationship between devolution and frontline services and the extent to which frontline services are considered and explored in existing devolution deals.

### 3.1 The policy narrative

It is important to state that the concept of devolution is not new in a UK context. Way before the advent of the landmark deal with Greater Manchester and the Cities and Local Government Act 2016, there has been a narrative and actual activity around devolving powers, responsibilities and accountability towards nations, city-regions and local authority areas. This commenced with three core pieces of legislation around the devolution of service design and provision to the devolved nations: the Government of Wales Act 1998; The Scotland Act 1998; and the Northern Ireland Act 2006. Here the emphasis was upon giving newly formed nation parliaments and assemblies responsibility for activities that would previously have fallen under the remit of Central Government including economic development, transport, and social services, for example. There was also the greater responsibility placed upon London through the Greater London Act 1999.

In England, the move towards formal legislation has taken longer and commenced with the (ultimately unsuccessful) referendum to form a Regional Assembly in the North East in 2004. This was followed by various City Region Development Programmes which served the purpose of demonstrating the importance of economic development and regeneration activity in particular being undertaken at a natural economic geographical level, together with associated powers, responsibilities and funding. However, neither of these activities really enabled the devolution of power and responsibility to localities.

In the 2010s, the RDAs were scrapped and replaced with Local Enterprise Partnerships (LEPs), funded mostly through grants from European Structural Funds. However, the Strategic Economic Plans and specifically the Growth Deals started a process of negotiation between Central Government and localities around the transfer of funding and control of activities previously held at a central level such as new infrastructure development. Also around this time, Combined Authority Orders were introduced with the purpose of addressing the often complex nature of local government in England, to draw together districts, unitaries and counties into 'supra' combined authorities, with responsibility for a diverse set of locally devised services and activities.

A range of previous activity and policy therefore framed the development of England's first combined authority (Greater Manchester Combined Authority) and first devolution deal (also with Greater Manchester).

### 3.2 The literature narrative of devolution

Commentary around devolution over the last three years has become somewhat of a spectator sport as authorities, partners and think-tanks have jockeyed to provide their thought on what devolution is about and to develop supporting material to evidence the case for the devolution of budgets, power and services to city-regions and sub-regions. Reviewing the plethora of documents enables a number of key themes to be picked out as to what devolution is about and for.

#### Place-based integration

In *Devo Max – Devo Manc: Place-based public services*, Respublica argues that devolution is about public service reform at the local level. In particular, it calls for urgent reform and radical place-based

integration of local public services and public sector spend. Respublica argue that the key to Britain's future prosperity is through full fiscal devolution and integration of local services to cities - freeing people from dependency and helping them to realise their potential.

### Economic development and infrastructure

*The next LEPs* produced by Localis explores the role of LEPs as key vehicles in devolution and effectively a conduit for relationships between Central Government and localities around devolution. In particular, it argues that LEPs should receive more funding and more powers for key policy areas including employment support, housing, transport and skills.

### Public service reform

*Power, People and Places: A Manifesto for Devolution to Britain's Key Cities*, again produced by Respublica recognises that devolution should not just be the domain of the core cities where the principles of agglomeration can in theory bring economic benefits. Instead, they recognise that devolution in economic terms is linked intrinsically to the reform of public services. Taking control of employment, skills, and business support, for example at the local level would lead to economic benefits and in turn reduced demand for public services.

### Rural regeneration and rejuvenation

In *Empowering counties – Unlocking county devolution deals*, the Institute for Public Policy Research (IPPR) recognise the role of devolution is joining up services and activities, particularly around health and social care in rural areas. The report argues that devolution presents a clear opportunity for public service reform and for delivering more efficient and better value for money services.

### Enhanced democratic accountability

In *Democracy: the missing link in the devolution debate*, the New Economics Foundation (NEF) discuss the absence of community engagement and the failure of devolution deals (to date) to strengthen democracy, increase citizen involvement and democratise local decision-making. They recognise that devolution is not just about economic growth and integrating services, but also about enhancing democratic involvement and accountability.

### Smarter evidence utilisation

*Smart Devolution* produced by Policy Exchange highlights the important role of evidence in devolution. It suggests that most cities have vast quantities of underutilised data that if used effectively could improve decision making (including spending decisions) to better inform public service reform, transport planning, supporting small business growth and better targeting frontline services.

### Reduce but not eradicate centralism

*The Real Deal: Pushing the parameters of devolution deals*, published by CLES and the Sheffield Political Economy Research Institute considers that whilst devolution deals have started to reverse some of the problems of over-centralisation, so far it has been too constrained by the Treasury's economic and social discourse, and cowed by the ongoing austerity, in which the poorest areas have suffered the most. It calls for 'real' devolution deals which reduce but do not eradicate centralism.

## 3.2 The key gap

Since the original GM agreement was signed in 2014, nine more areas have successfully secured their own devolved powers under the new legislation (see table 1). The table highlights the nature of devolution to date as being about economic growth, service integration and finance. Despite the many distinctions between each of the nine geographies, the deals share a high level of commonality

in relation to the type of powers devolved:

- all of the deals incorporate substantial powers relating to aspects of transport (including the local road network and closer work with Highways England and Network Rail), business support and further education;
- most of the deals include agreements relating to employment support, finance (though limited within this policy area), land and housing;
- very few of the deals contain powers over public services that work directly with people. As table one illustrates, Greater Manchester is the only area with devolved powers for public services beyond planning or implementing health and social care integration;

It is important to understand the possible implications of devolution for frontline services such as street scene, highways maintenance, and grounds maintenance. The activities undertaken through devolution deals to date around infrastructure, for example, will have knock on effects for these frontline services but the exact size of these effects remain unknown. We explore these linkages in more detail in the next section in the current climate of increased demand and reducing capacity to deliver as a result of ongoing austerity.

Table 1: Summary of agreed devolution deals<sup>5</sup>

Policy area	Devolved power	Greater Manchester	West Yorkshire	Cornwall	Sheffield City Region	Tees Valley	West Midlands	Liverpool City Region	Norfolk/Suffolk	Greater Lincolnshire
<b>Further education &amp; Skills</b>	Redesign post-16 FE system									
	Apprenticeship Grant for Employers									
	Adult Skills funding by 2018-19									
<b>Transport</b>	Devolved, consolidated transport budget									
	Bus franchising									
	Joint working with Highways England and Network Rail									
	Local roads network									
	Smart ticketing									
<b>Business support</b>	Growth Hub to align local and national business support services									
	Joint working with UKTI									
	Devolved approach to business support services from 2017									
<b>Employment support</b>	Joint commissioning of support for harder to help claimants									
	Possible full joint commissioning from 2017									
<b>Land &amp; Housing</b>	Public land commission / joint assets board									
	Housing Loan Fund									
	Compulsory purchase orders									
	Mayoral Development Corporations									
	Planning call-in powers									
	Consultation on strategic planning applications									
	Housing grant fund									
	Spatial strategy									
<b>Public services</b>	Health and social care integration									
	Planning for health and social care integration									
	Children's services									
	Offender management, probation, prison estate									
	Troubled Families / Working Well									
	Mayor to become Police and Crime Commissioner									
	Fire service									
<b>Finance</b>	Intermediate body for EU Structural Funds									
	Investment fund (£M per year)	30			30	15	36.5	30	25	15
	Single funding pot									
	Retention of 100% business rates growth									
	Pilot retention of 100% business rates revenue									
	Mayor business rates supplement									
	Community Infrastructure Levy									

<sup>5</sup> Table adapted from: House of Commons library briefing paper – Devolution to local government in England – Appendix 1

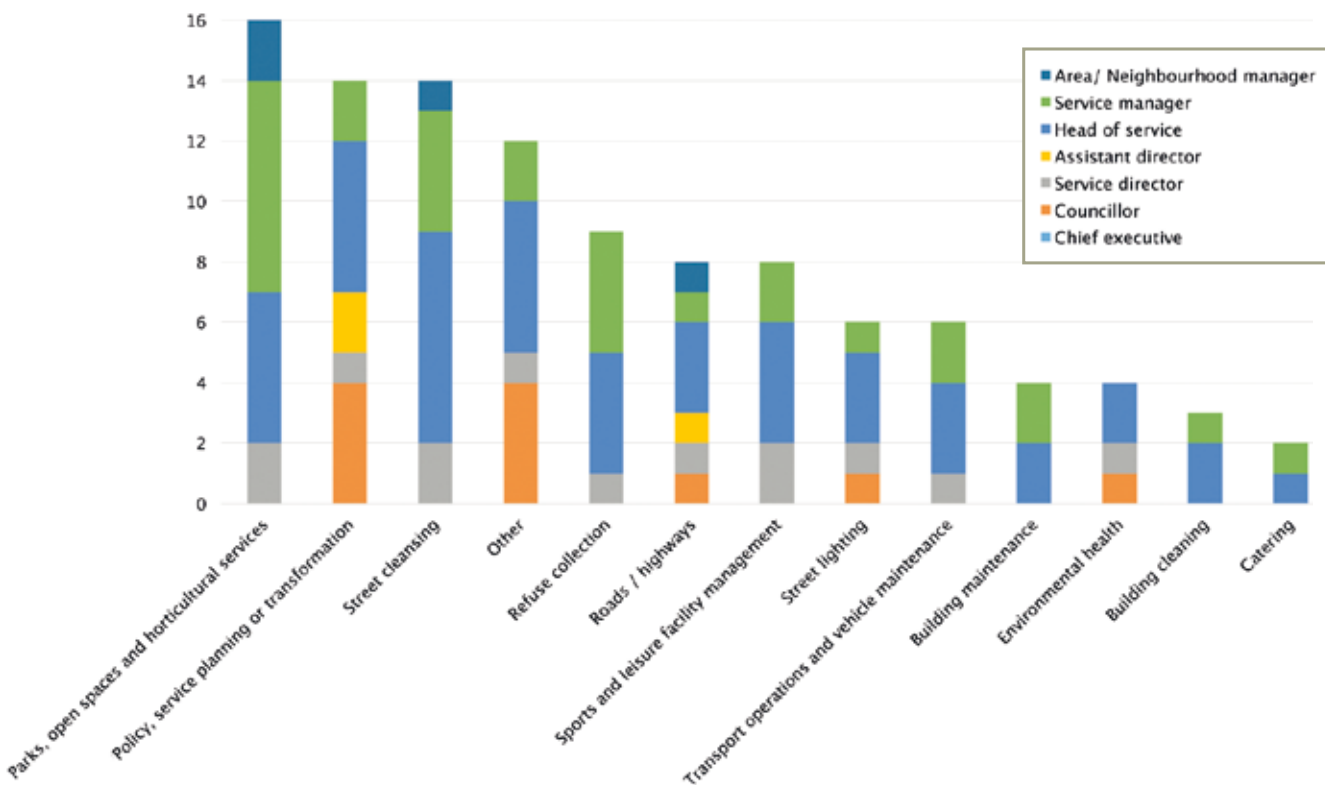
## 4. Linking devolution to frontline services

This section of the publication presents the findings of a survey of APSE members. Its purpose is to identify the impact of devolution upon frontline services in their area and particularly how it is linking to other key agendas including the need to respond to austerity and make efficiency savings.

### 4.1 Respondent profile

53 APSE members responded through a mix of strategic leads and Service Managers responsible for a variety of frontline services and broader service planning. More than half of respondents identified as Service Managers (17) or Heads of Service (13). Figure 1 breaks respondents down by service area, with the service best represented being 'Parks, open spaces and horticultural services' closely followed by 'Policy, service planning or transformation' and 'Street cleansing'.

Fig 1: Profile of respondent



### 4.2 Present challenges for APSE members

APSE members were asked specifically to identify the challenges facing their authorities and the delivery of services to date. The biggest challenge identified in recent years is budget cuts along with the associated loss of staff and talent. Respondents highlighted the increasing and continued downward pressure on public service budgets as the biggest constraint on the ability of local authorities to maintain satisfactory levels of service. Of those that responded more than a third do not feel that frontline services are being delivered to a satisfactory level for residents;

*“Shortcuts are being taken, statutory work is not carried out to the previous level of quality and very little non-statutory work is happening”*

Linked to this, respondents highlighted the following four challenges that have arisen through ongoing reductions in funding. Interestingly, devolution does not feature in reported current

challenges despite only a third of respondents stating that it has had no impact or a detrimental impact to their services.

### Managing expectations is increasingly difficult

As time passes demand and the level of expectation grow alongside pathological reductions in funding for local authorities. Respondents cited an inability to do the job properly with insufficient resources. Many have had to reduce the level of frontline operational resource and some have had their frontline service budget reduced by up to 50%. Worse still, one respondent said the increasing budgetary pressure is forcing them to make choices about which services to support and which not to.

***“The level of delivery reflects the limited level of funds available”***

For the most part, the changes inflicted on local authorities have forced them to adopt a reactive instead of proactive approach to services resulting in far lower levels of resident satisfaction. This has however drawn public attention to the disproportionately large cuts to frontline services causing some local residents to ‘kick back’ against the cuts.

### A growing and more complex workload at a time of austerity

In the ever-bigger space left by reducing funding for council services, issues faced by communities have been allowed to grow. A rapidly expanding ageing population and an associated increase in age-related health conditions has been met with a 10% reduction in spending on social care since 2009<sup>6</sup>. In England, one in three children finishing primary school are overweight or obese as are almost two of every three adults<sup>7</sup>. One respondent running a service aimed at tackling obesity in all age groups is having their funding halved over the next three years.

***“We’re only treading water, we can see the big wave of growth [in demand] coming toward us”***

Particularly in the case of Health, a reactive (as opposed to proactive) approach to long-term health conditions and bad eating habits has focused treatment on symptoms – not the cause, thereby indirectly increasing suffering. Whilst this potentially saves on costs in the short-term it only serves to add inflated costs in another part of the public system in years to come (usually emergency healthcare through the NHS)<sup>8</sup>.

### Managing contractors of outsourced work

As budgets continue to shrink, councils have looked for ways to cut current and future costs. One method increasingly used has been to outsource work. Respondents claim that whilst this may have reduced costs in the short term, residents are dissatisfied with the quality of service.

***“Outsourcing has not lead to satisfaction...insufficient staff to monitor service delivery”***

Respondents put this down to not having enough staff retained within their area to monitor the delivery of the outsourced service. Outsourcing, contrary to the arguments for it, has led to inefficiencies and a reduced quality of service in a number of frontline service areas, as previously highlighted by CLES and APSE<sup>9</sup>.

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6 <http://www.localgov.co.uk/The-crisis-in-social-care-funding/40094>

7 <http://www.phoutcomes.info/search/obesity#page/4/gid/1/pat/15/par/E92000001/ati/6/are/E12000004/iid/90640/age/164/sex/4>

8 [https://www.kingsfund.org.uk/sites/files/kf/field/field\\_publication\\_file/delivering-better-services-for-people-with-long-term-conditions.pdf](https://www.kingsfund.org.uk/sites/files/kf/field/field_publication_file/delivering-better-services-for-people-with-long-term-conditions.pdf)

9 <http://www.apse.org.uk/apse/index.cfm/research/current-research-programme/insourcing-a-guide-to-bringing-local-authority-services-back-in-house/insourcing-a-guide-to-bringing-local-authority-services-back-in-house/>



## Shifting to new ways of working

Finally, respondents have told us that they have struggled to adapt to new ways of working but understand and accept that it is becoming increasingly difficult to provide the same service in the same way with far less funding.

*“Services have attempted to continue delivering in the same style under different circumstances instead of adapting service provision and design”*

With that in mind, service re-design though often painful is necessary in order for some level of service to continue into the future. Key to getting this right is keeping the aims of the service at the heart of the re-design as opposed to cost cutting pressures.

## 4.3 Future challenges for APSE members

APSE members were also asked to identify key future challenges facing their authorities and the delivery of services. The key differences in current and future challenges identified for the local government sector and frontline services in particular are the addition of the relatively recent changes to the local government finance system (the funding formula and the beginnings of fiscal devolution) and the impact of the UK's decision to leave the European Union. In this context, one respondent summarised the future challenges for local government as “simply survival”. There were three other core concerns for the future cited by respondents.

### Implications of Brexit on European funding

“Continued budget pressures and legislative change emerging from Brexit” threaten the future of local government as we know it. In 2014, the EU spent £1.3bn on projects benefitting the least-developed regions in the UK as well as supporting social cohesion and job opportunities<sup>10</sup>. In recent years, this money has acted to plug gaps in local authority funding to allow places to continue to invest in their infrastructure as they redesign their support services. The future of European funding looks bleak, respondents are concerned about the impact of the sudden loss to the wellbeing of residents in their area.

### Continued cuts causing local government to haemorrhage talent

Many talented senior officers in particular are being lost through recurrent service redesigns. Respondents report that the implications of the loss of skills and expertise is being felt by local authorities today. As services go through more redesigns this issue is expected to intensify leaving local government lacking in much needed quality leadership and management as it goes through some of the biggest changes in its history.

### Devolution of risk, not power

Respondents highlight the loss of revenue support grant and the introduction of 100% business rates retention as some of their biggest concerns. One respondent said the biggest challenges would be “continued austerity policies, the loss of Central Government grant and the expectation that all local authority funding will be borne through property taxes of some sort”.

Notwithstanding the fall of the Local Government Finance Bill 2017, as a result of the General Election, 100% business rates retention is due to be rolled out in 2020, but details of how it will work remain unclear. What is clear, is the scope of the offer of power. Government are holding on to control over mandatory and other types of relief in the business rates system, severely limiting the capacity of authorities to generate revenue lost through the abolition of some grants under the new retention system. Respondents are suspicious of fiscal devolution saying it has “strings attached by central government”. To date Central Government has devolved risk and responsibility, not real power. But some respondents remain optimistic about the potential fruits of devolution.

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<sup>10</sup> <http://www.bbc.co.uk/news/uk-politics-eu-referendum-36561084>

## 4.4 The potential of devolution

APSE members were asked to think about the potential of devolution and any implications for frontline services. It was apparent that on the whole, the direct links between devolution and frontline services have never clearly been drawn. As a result, views on the potential impact of devolution are mixed. Respondents report that they are worried about the potentially negative implications of devolution but can also see that devolution could be a force for good for the frontline. It all depends on which powers are devolved, the freedoms bestowed on each authority and crucially what level of resource or resource generating capacity is devolved.

### The future potential of devolution is unclear for many

The potential of devolution overall has been poorly communicated and even more poorly demonstrated in the recent past. More than half of respondents (56%) are unsure whether devolution overall is a good thing or a bad thing. It is important to note that of those that feel devolution in general is a bad thing (less than 10%), all were managing a team directly involved in frontline service delivery. Those that considered devolution to be a good thing were more often in a strategic role, highlighting a significant gap in communications between strategy and the frontline.

However, when asked about the potential impact of devolution on future frontline services specifically, just over a quarter of all respondents believe it will have little or no impact, most of these are in strategic positions, potentially suggesting that strategists see the potential of devolution in areas other than the frontline. The remainder are split equally between believing devolution could help or be detrimental to frontline services.

### “It is budget cutting by another name”

Some respondents are sceptical about devolution and believe it is a guise for handing over “extra responsibility and extra layers of governance without the funding to deliver” better services. One respondent was particularly concerned about the impact of devolution on district councils, arguing that they will not be major players and on that basis, their services will lose out.

A manager directly involved in frontline service delivery said his non-statutory service is relatively low profile and therefore will most likely not be considered a priority in terms of devolution. This particular manager was also doubtful that money would be devolved to back up any devolved power or responsibility – pointing to the existing lack of resource for authorities to deal with environmental enforcement issues.

### Devolution constrained by budget cuts and had little frontline impact

Building on earlier findings in the report, devolution has thus far failed to positively impact frontline services in a significant way. Almost 75% of respondents with a devolution deal in place claim it has had either no impact or a negative impact on frontline services to date. Specifically, the tight budget in health is limiting what authorities can do to innovate within their deal. One respondent claimed that devolution has created a set of additional risks for local authorities, another claimed power was being taken away from local authorities rather than being bestowed on them.

Many more respondents however suggest that the deals have not been in place long enough to take effect on the frontline with much of the current activity taking place at the strategic level. Some authorities without devolution deals claim that disagreements between individual local authorities on proposed devolution deals are standing in the way of progress.

## 4.5 Future linkages between devolution and frontline services

APSE members were asked to consider a different type of devolution and identify any potential activities that could link devolution and frontline services more effectively. Respondents were keen to explore a variety of new powers that could positively impact frontline services. Whilst most of the powers suggested relate directly to an improvement in outcomes for residents and local businesses as opposed to a system focused change, the thoughts and ideas put forward are all under themes ascribed by Central Government. Respondents struggled to align frontline services with the potential of devolution in their suggestions:

- Primary and secondary education – align local provision with local need;
- Department for Work and Pensions functions – a tailored welfare system to reflect local needs;
- Youth and criminal justice – co-design an effective criminal justice system that meets the needs of local people;
- Business rates – real revenue raising capacity and locally designed relief systems.

### Devolution could be a positive force for the frontline

Despite the difficulty in identifying which future potential devolved powers could have a positive effect on frontline services, respondents clearly understood and saw the value in the collaborative working concept that sits behind all devolution deals;

- “Scope for radical models of shared service delivery with pooled budgets and joint management arrangements”
- “Economies of scale”
- “Reduced spending on transactional costs”
- “Devolved funding for transport could result in a much-improved local highway infrastructure, significantly reducing congestion”
- “Better opportunities for growth and investment in the economy”
- “Local decisions by local people at a local level”
- “Access to specialised expertise not often affordable for small districts”

### A sense of apprehension and optimism

In summary, many respondents are unsure what devolution means for them and their service. This is potentially exacerbated by the gap in communication between strategists and those working more closely with frontline services. Consistent cuts have jaded the frontline perception of devolution resulting in many considering it a Central Government guise for implementing further cuts. Respondents almost unanimously identified budget cuts as their biggest challenge over the last five years and for the foreseeable future.

Most feel devolution to date has had little or no positive impact on the challenges induced by budget cuts: maintaining quality services, loss of talent and an increasingly complex workload to name a few. But respondents clearly identified the potential added value of adopting a collaborative approach with their local authority neighbours when it comes to commissioning of services, management and back-office functions in particular.

## 5. Devolution and frontline services in the locality

This section presents the findings of a case study around the locality of Nottingham (with input from Gedling). Its purpose is to explore the area's experience with devolution and to understand to what extent frontline services were considered in their devolution 'asks'. Whilst several areas were considered, the complex nature of the devolution debate in Nottingham and the subsequent requirement for innovation in practice made it the ideal locality to explore in more depth.

### 5.1 Nottingham's devolution story

The proposed deal for Nottingham and the wider D2N2 area encompassed all 19 County, District (including Gedling) and Unitary authorities within the Derbyshire and Nottinghamshire area. The proposed deal contained powers over public transport, a new housing investment fund, funding for further education, the work programme, policing and a £30m annual 'gainshare' pot. From early on, the deal was hindered by complex delays and disagreements that eventually brought negotiations to a collective pause and made a devolution deal for the area look very unlikely.

To understand what Nottingham and Gedling specifically wanted from the devolution deal (including any focus on frontline services), why it did not work out and their plan for moving forward, CLES arranged to speak to the Policy Officer for Strategy and Resources, the Strategic Director of Finance, the Lead Officer for Combined Authority Engagement and Devolution, the Corporate Director of Commercial and Operations and the Head of Trading Operations at Nottingham City Council and the Leaders of both Nottingham and Gedling councils.

#### 5.1.1 Local control, a direct line to government and extra cash

All proposed powers considered, Nottingham were most keen on three things. Firstly, an overall increase in the amount of local influence over local issues. The devolution deal was an opportunity for local leaders to gain more control over their local area with fewer Central Government constraints or ring-fencing of budgets.

Secondly, a place at the front of the queue for the next round of devolution deals, particularly important for Nottingham if real fiscal devolution becomes available under the Chancellor.

Finally, the £30m annual gainshare pot. This is an extra £30m of revenue funding every year for the next 30 years to help the D2N2 area contribute to national growth. Importantly, the whole pot would be controlled by the proposed Combined Authority Mayor, not Central Government.

#### 5.1.2 "Frontline services are the local agenda"

It became clear very quickly that the focus and purpose of the D2N2 Devolution bid was not directly linked to frontline services. For Nottingham, devolution represented a mechanism to acquire decision making power on broader regional issues such as housing and infrastructure as opposed to intra-authority issues. There was consensus among the interviewees that devolution was not the most appropriate mechanism to directly affect frontline services in a positive way.

For Gedling, devolution was a way to establish their relationship with Nottingham in the same way that London Boroughs interact with the City, delivering differently and sharing strengths in a closer working partnership.

### 5.1.3 Potential frontline impacts unknown

The strategic nature of the D2N2 bid and the short time-frame in which it had to be pulled together meant that much of the finer detail was to be worked out following ratification of the deal. The potential level of fiscal or other direct or indirect impacts on frontline services from this devolution deal was therefore largely unquantified.

That said, interviewees were clear that there would have been some indirect impacts to frontline services; either through saving money (economies of scale, sharing a back office) or generating money (investing in residential and commercial property to boost cash flow in the longer term).

### 5.1.4 No deal for D2N2

After a series of disruptions, delays and disagreements, the D2N2 devolution deal fell through following a number of D2N2 District Councils voting against the plans. In March 2016, the Government introduced a new piece of legislation allowing district councils to break ties with their counties and become part of another area's devolution bid.

This exposed cracks in the working relationships between some of the 19 authorities, six of which decided they no longer wanted to be part of the D2N2 bid. Without the agreement of all authorities on the details of the bid and particularly the election of a new Combined Authority Mayor, the prospect of devolved power for the D2N2 area appeared to come to an end.

## 5.2 Strong partnerships and a common purpose

Similar to the survey of APSE members, representatives in Nottingham and Gedling highlighted working in partnership as one of the best ways to positively influence issues within a region and within frontline services in particular. Nottingham and Gedling (and a number of other D2N2 authorities) have pressed on with developing a partnership approach to the future development of the wider region – a 'coalition of the willing' – while the fate of devolution in the area is unclear.

### 5.2.1 Build on existing strengths and relationships locally

Relationships between some authorities in the D2N2 area and indeed with Government remain challenging. There is recognition and understanding of this in Nottingham. Whilst they are not keen to continue to pursue the existing devolution bid with authorities that have clearly expressed a desire for alternative arrangements, they are keen to work with a 'coalition of the willing' to achieve shared regional objectives and potentially reboot the devolution conversation in the future.

An existing example of Nottingham's commitment to forming new partnerships is the creation of the Metro Strategy which has been developed with Derby and in consultation with surrounding urban Districts including Gedling. The leadership of Nottingham City Council was clear that the strategy "is about co-operation between two cities that are close together, already work together and want to support each other." Importantly, it can be formed without the approval of Government or anyone else.<sup>11</sup>

Whilst the strategy is clearly not a replacement for devolution in the sense that there is no extra cash, partnership working, a core element of devolution deals, forms the backbone of the strategy. The strategy relies entirely on places working in partnership, sharing each other's strengths to exploit the greater power they possess as one entity.

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<sup>11</sup> <http://www.nottinghampost.com/fierce-rivals-to-become-firm-friends-how-nottingham-and-derby-are-planning-for-our-future/story-29532657-detail/story.html#zM1hEuhKOtApiSRd.99>

### 5.2.2 Create something people want to be involved in

The D2N2 devolution deal did not progress because officers, members and authorities had differing priorities for their respective areas. The size of the task to get 19 authorities to unanimously agree on shared powers and priorities cannot be underestimated, unfortunately a few leaders felt their differing priorities to be too great to progress.

Nottingham and Gedling have really invested in their 'coalition of the willing'. The backbone of their coalition is working in strong mutually beneficial partnerships for the betterment of people and place. They are using their different strengths to overcome their challenges and have built and maintained a sharp focus on their shared objectives for the wider region.

## 6. Concluding thoughts and looking forward

This section presents some concluding thoughts about the future of devolution generally and the likely future implications for frontline services. It draws upon the findings of each of the previous sections to really draw out the impact of devolution upon frontline services and where frontline services should be involved.

### 6.1 Concluding thoughts

The recent national and international shifts in the political landscape have called the future of devolution into question. Brexit and the start of 'fiscal devolution' present new challenges and risk for frontline services. But it is also an opportunity for policy makers to address the excessive risk and lack of real power in fiscal devolution to date. Strategists and frontline managers must close the communication gap and work with policy makers and Central Government to design progressive devolution deals that empower local places to fully extract the potential from newly devolved powers designed specifically to benefit the users of frontline services and to highlight the important role frontline services have in the devolved context.

Many have questioned the exclusive economic growth focus of current devolution deals, with some arguing for a shift in focus to public service reform and place-based service delivery with the aim of realising a progressive and enduring social, economic, democratic, and environmental future.

With continued austerity and the future sources of funding for local areas becoming increasingly unclear, further exploration of some of the following devolutionary drivers at play that have the potential to impact upon frontline services is required:

- The limited nature of current fiscal devolution, namely the lack of tax raising powers over council tax and business rates. This could severely limit the ability of authorities to generate enough funds to operate services at the current level once they become responsible for generating the majority of their own funds post-2020;
- Related to the above, the outcome of the 100% business rates revenue retention pilots and the potential implications to local authority/combined authority budgets post-2020. This could affect funding for services like refuse collection, street cleansing and sports and leisure facilities management;
- The impact of the Public Land Commission/Joint Assets Board on the size of the public sector estate including parks and open spaces;
- The effect of the recent vote to leave the European Union on the devolution movement and the impact on its importance in the political agenda moving forward.

### 6.2 Future implications for frontline services

In developing this publication, it has become clear that the impacts of devolution upon frontline services has not really been a key factor for central or local government. In this final section, we outline four key reasons why frontline services and the impact upon them should be considered in future devolution deals and activity.

### 6.2.1 Frontline services have a key role in maintaining the infrastructure put in place through devolution and wider economic development and growth.

Of the devolution deals which have been agreed to date, there is a degree of emphasis on linking devolution to wider economic development activity, LEPs and particularly housing, infrastructure and transport. The theory is that by investing in such infrastructure and enabling places to take a significant role in this economic growth and job creation will ensue. As new homes are developed, new and existing businesses are supported in local areas, and new transport links forged, consideration should be given to how these positive outcomes of devolution need to be supported by the very services that councils already provide at a local level; this includes local road maintenance to provide the connectivity and quality to newer transport links, public realm services to support business areas and the development of neighbourhood level services to support housing growth. Local economies thrive better where there are quality local public services to support the strategic aims of devolution.

### 6.2.2 Frontline services have a key role as enablers through the resource they provide to support the broader objectives of localities and their devolution deals.

A key emphasis of some devolution deals has been around health and social care and the devolution of power and resource to facilitate more integrated services and address the challenges around health and wellbeing. Key to this integration is the joining up of clinical health (responsibility for which lies with NHS Trusts and Clinical Commissioning Groups) and public health (responsibility for which lies with local government). It is this integration where frontline services are important in that the activities provided through parks and recreation, the provision of school meals, and sport and leisure centres will have implications for meeting health and wellbeing objectives and outcomes. There needs to be much greater recognition of the role of such services in the wider debate around devolution and the outcomes which can be achieved.

### 6.2.3 Frontline services have a key role in supporting the needs of the communities in relation to housing provision.

As a result of devolution deals, some localities have set up housing partnerships with a remit to address the challenges posed by the lack of suitable and affordable housing in England. These challenges are largely being addressed through the auspices of growth focused provision of city centre living, often resourced through overseas investment. What they are often missing is any emphasis on the provision of social homes and specifically supported living. In relation to frontline provision of services, supported accommodation for older people and wider support services is a core component of frontline activity. The providers of such services in local government therefore need to embed themselves into conversations around housing provision and the provision of suitable stock that enables older people and people with disabilities to remain independent. Addressing housing need in local areas should be viewed as a core component of devolution aims; supporting new workers and employers in the provision of decent homes in which workers and their families can thrive; driving jobs and skills growth through stable tenancies and the ancillary benefits to educational attainment and helping to ameliorate demands on adult social care. Flexible housing provision suitable for older people at different stages of ageing and differing support needs is critical to a holistic approach to addressing care and wellbeing needs in older peoples services.

### 6.2.4 Frontline services have a key role as the providers of co-ordinated local services.

As devolution evolves, so does the need for localities to agree and formulate combined authorities. These are largely strategic governance structures with responsibility for developing city-regional and sub-regional strategy and implementing it. What is relatively unclear to date has been the relationship



between combined authorities and local authorities and specifically providers of local public services. There is a need for local authorities to retain responsibility for the delivery of services that are most relevant for that geographical level and a commitment from combined authorities that they work with and not against local authorities when it comes to the delivery of frontline services.

## **A good relationship between frontline services and strategic leads is crucial**

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In an era defined by devolution and austerity, it is more important now than ever before for the relationship between frontline services and strategic leads to be strong and effective. Both devolution and austerity impress a need upon local government to re-think the way it operates. Integration, collaboration and efficiency have always been important aspirations for any and all local authorities. But in the current climate, failure to adapt can result in loss of services, loss of staff and subsequently the abandonment of residents in need of support.

With or without a devolution deal, authorities have the ability to build these relationships internally and with neighbour authorities. As such, effective joint working and the following common principles should be at the heart of any approach:

- Integration of service planning and delivery;
- An approach driven by local control and circumstances;
- Service provision framed by considerations of both efficiency and effectiveness;
- A balance of in-house provision and commercialisation (where appropriate and evidence based);
- A renewed emphasis on the role of frontline services contributing to wider outcomes;
- A challenge to austerity through delivering more innovative and effective public services.





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