



Office of the
Deputy Prime Minister
Creating sustainable communities

Working Paper 3: Evaluation of Local Public Service Agreements

Central-local relations and LPSAs



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The findings and recommendations in this report are those of the consultant authors and do not necessarily represent the views or proposed policies of the Office of the Deputy Prime Minister.

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INTRODUCTION

This paper examines the impact of LPSAs to date on central-local relations. While LPSAs are primarily concerned with achieving improved outcomes in relation to national and local priorities, they are also associated with enabling a new relationship to develop between central and local government. The basis for this association lies in the genesis of the LPSA scheme and the particular combination of elements that comprise the initiative. Unlike many/most other Local Government Modernisation Agenda (LGMA) initiatives the LPSA emerged from dialogue between representatives of central and local government (specifically the Treasury, DETR and LGA). This dialogue generated a scheme that all parties were anxious to claim ownership of, both in relation to the objectives of the scheme and the mechanics that supported its operation (see Sullivan et al, 2004). The mechanics were significant in that they represented a twist in the established mode of central-local relations; grounded in negotiation between central and local government, they offered 'something for something' to all principal stakeholders. Through the negotiation of targets and 'stretch', the identification and granting of appropriate freedoms and flexibilities, the involvement of central government in the determination of 'what' but not 'how', the allocating of pump-priming resources and the promise of reward for achievement of agreed performance, both central and local government were in principle required to give ground in order to secure outcomes of mutual benefit.

Underpinning LPSAs were three key assumptions: that central and local government were mutually dependent on each other for the achievement of key priorities; that in order to realise substantial improvement in outcomes, change was required within both central and local government; and that change was most likely to be secured through the adoption of a scheme in which ownership of the rules was shared by the key stakeholders.

In the Theory of Change that was developed with stakeholders to provide the framework for the evaluation of LPSAs, change in central-local relations is identified as a good in itself as well as a route towards achieving improved outcomes for the public (Sullivan et al, 2004). This is reflected in the hypothesis for the national evaluation:

The process of preparing for and conducting negotiations and agreeing stretching targets, and

The existence of pump priming, extra borrowing, freedoms and flexibilities, and the promise of a reward grant

...lead to *changes in structure, culture and processes within both local and central government*

...and to changes in local resource allocation, policies and/ or service delivery methods in local authorities and local partnerships

...which lead to short term improvements in performance against targets

...and to longer term *increases in governance capacity (at the centre and in localities)*, and sustained improvement in local service delivery and outcomes (OPM et al, 2003:32).

This paper examines the experience of LPSAs to date in generating change in central-local relations. Drawing on empirical material from interviews with central stakeholders and local case studies conducted in 2003-4 the chapter will: explore the

dimensions of central-local relationships; identify the key change agents and the factors that influence them; and assess the impact of the mechanics of the LPSA in facilitating change in central-local relations. As the evaluation is still in its early stages particular attention is paid here to the aspirations and expectations of central and local stakeholders and their experiences in determining and negotiating the agreements. The chapter will conclude by considering the findings in the context of the Theory of Change (ToC), offering some reflections as to the likely potential for central-local relations based on experience to date, and by identifying some implications for policy and practice.

The discussion of empirical material is preceded by a brief review of the literature pertaining to central-local relationships in England, to provide context for the LPSA and to highlight key issues for examination.

DEBATES IN CENTRAL-LOCAL RELATIONS

The literature on central-local relations is considerable and can be grouped around a number of reviews and research programmes undertaken at fairly regular intervals from the mid 1970s to the mid 1990s. Through the research evidence and analysis presented in these reviews it is possible to trace the shape and nature of central-local relations from 1945 onwards and to identify particular points of stress in the relationship. A Joseph Rowntree Commission deemed the relationship to have reached 'crisis' point in the early 1990s (Carter with John, 1992), and the significant changes to the scope, role and functions of both local government and central government in 1980s and 1990s, fundamentally reshaped the operating terrain.

Over the same period a variety of theoretical approaches have been developed to explain central-local relations, focusing on one or other of the micro (local authority), meso (network) and macro (role of government) levels and reflecting a concern with individuals and/or institutions (old and new) (see Stoker, 1995 for a review and Bevir and Rhodes, 2003; Marsh et al, 2001, Rhodes, 1999; Stone, 1993 and Wilson, 2003 for subsequent developments). This section reviews the central-local relations debate since the Layfield Commission in 1974, highlighting the key issues that inform the contemporary debate and providing a framework for the analysis of LPSAs.

The unit of analysis

The question of what constitutes the central-local relationship features prominently in past contributions to the debate. The established position to the 1970s was that the relationship was an institutional one between central government on the one hand and local government on the other, and attempts to explain this relationship supported this institutional focus (Bulpitt, 1983, Ranson and Walsh, 1985). This position was robustly challenged in the late 1970s/early 1980s by Rhodes (1999). He critiqued what he termed the 'myths' of the institutional focus and provided an alternative unit of analysis – the 'policy network'. Policy networks acknowledged the functional specialisation of government activity at central and local levels and the fragmented policy system this helped generate. They also highlighted the connectivity between policy specialists and professionals in the same policy sphere at central and local levels; a connectivity that overcame institutional boundaries but created boundaries around the policy network. Consequently, for Rhodes the term 'central-local government relations was a misnomer' '...an inappropriate definition of the subject. 'Intergovernmental theory' with it

emphasis on fragmentation, professionalisation and policy networks is more appropriate' (1986:28).

Attention to networks intensified in the late 20thC both in Britain and mainland Europe and while the approaches and concerns of academics in different terrains varied, understanding governance through the operation of networks became an important dimension of public policy analysis (Börzel, 1998; Kickert et al, 1997 and Rhodes, 1997). In Britain the analysis of policy networks drew particular attention to what Laffin termed the 'intellectual hegemony' of professionals, i.e., 'the dominance in a policy field of a professional's account of what the public policy problems are and of the necessary policy responses' (1986:115). However, Rhodes also identified other forms of networks that might in some circumstances compete with professionalised policy networks. An important example for the study of central-local relations was the 'territorial network', a network focused on a specific geographic area, most usually a locality and populated by 'topocrats', those with a locality or corporate focus, usually chief executives and possibly key local politicians. The conflict Rhodes describes between 'topocrats' and 'technocrats' (policy professionals) highlights an enduring tension within local authorities and between central government departments about the focus for attention, and as such is, an important element in the debate about central-local relations. Territorial networks have assumed a new significance in the 21stC as local government has been required to govern with a wider variety of stakeholders, and operating through strategic networks (such as Local Strategic Partnerships) has become a local necessity.

If the shift to network governance calls into question the validity of any future focus on central-local *government* relations, then the development of multi-level governance acts to challenge the dual nature of the relationship, legitimising new sites and levels of governance that can interact with each other independently from the neighbourhood to the EU (Peters and Pierre, 2001). Wilson (2003) undertook an early examination of the Local Government Modernisation Agenda through the lens of multi-level governance, concluding that there was evidence of multi-level dialogue but not yet multi-level governance, and emphasising that 'plural relationships do not of themselves reflect a pluralist power structure' (2003:343).

Additional layers to the central-local government relationship have also been suggested by others in the recent past. For example, Rhodes (1986) drew attention to what he termed 'the national world of local government', laying claim to the representative institutions of local government (intermediary bodies like the then AMA, ACC, ADC) as constituting a different and important part of the central-local relationship. The significance of these intermediary bodies has again increased in the last decade following the establishment of the Local Government Association (LGA) and the restoration of the 'central-local government partnership'. Others, however reject the attention paid to intermediary bodies, and by implication to policy networks, insisting that 'the relationship between central government and local authorities,...is what central-local relations must be about' (Jones and Stewart, 2002:9). The high profile involvement of the LGA in the development of the LPSA initiative provides an opportunity to explore the impact of such intermediary bodies on existing central-local relations.

The prevailing governance environment is one in which there is no single unit of analysis. Instead it is possible to argue for and indeed describe a myriad of relationships that co-exist and overlap. In this context, the potential application of a

'one size fits all' policy instrument like LPSAs, is likely to generate multiple and potentially negative reactions.

The nature of central-local relations in England

Observers concerned with the institutional dimension of central-local relations (i.e. the relationship between central and local government) have noted considerable changes to that relationship in the post war period. Ranson and Walsh (1985) identified a number of distinct phases between 1943 and 1984 during which time central-local relations moved through 'partnership', 'devolution', 'centralisation' and the operation of 'hierarchies and markets'; the changes in style of the relationship reflecting a decline in consensual relations and an increasing dominance by central government, which also mirrored changing economic conditions.

Writing in the early 1990s Carter and John (1992) describe the central-local relationship as suffering from 'a malaise' brought on by excessive central government control and a lack of care for the values of local government, and others provide evidence of the increasingly interventionist stance of central government in the 1980s and 1990s and the consequent characterising of central-local relations as one of 'principal and agent'.

With the election of a New Labour government in 1997, central-local relations were again formally characterised by 'partnership' but there remained outstanding concerns as to the credibility of this partnership. Jones and Stewart (2002) cite inconsistencies in New Labour's attempt to both restore the central-local government relationship and at the same time pursue a vigorous programme of intervention and selection of local authorities for punishment/reward. Stoker (2001) conversely sees no inconsistency, instead citing as deliberate strategy the many stranded policy approaches, designed, he argues to support the development of 'what works' and to promote creativity within local government. Wilson provides some evidence in support of this view suggesting that, '[t]he government has tolerated (and indeed promoted) variability within institutional design – for example, the beacon authority pilots and the new local public service agreements (LPSAs). Such variability is a way of building capacity for innovation and adaptation to different environments' (2003:334). Of late, debates about 'new localism' and the promise of a new local government strategy have reignited the possibility of a new partnership based central-local relationship, more in keeping with the framework outlined by policy initiatives like LPSAs and beacon councils.

There are two key issues to explore in relation to the above: the dynamic nature of central-local relations and the power and capacity of central government. Evidence from a range of studies into central-local relations since 1945 has pointed to the dynamic nature of this relationship and the considerable energy expended by central and local government as well as intermediary bodies in attempting to influence the relationship at any given time. Stewart explains this by reference to what he terms 'the dilemma of difference' that pertains between central and local government. Because the two tiers of government are fundamentally different in their construction and their concerns and because of the plurality of the system which affords local government discretion in how it acts, central and local government are constantly in tension. This tension is not necessarily a negative tension but one which facilitates democratic government. This view is supported by G. Rhodes who argues that one of the consequences of this dilemma is that 'it is in the nature of the system that there is no right balance between local and national interests, only a perpetual search to achieve a balance which is unlikely to be permanent' (1986:289).

The dynamics of central-local relations are fed by the many ambiguities that exist within the relationship. The lack of clarity afforded to the respective roles and responsibilities of central and local government was a core concern of the Layfield Committee in the 1970s and in the eyes of some the failure of successive governments to address this ambiguity has continued to limit central-local relations and more particularly the specific contribution of local government (Jones and Stewart, 2002). However, for others working in specific policy areas, this ambiguity is a '...necessary part of trying to make the system work. Clarification might well introduce a degree of rigidity into central/local relations which would hinder rather than help the effective development of services, however much it might improve the formal process of accountability' (G. Rhodes, 1986:285).

The central-local relationship is therefore constantly being made and remade, the speed and direction of change informed by a variety of factors including the relative power of central government.

Ranson and Walsh's review of central-local relations between 1943 and 1984 was based upon the premise that 'the organizing of political power with the state...will typically reflect deeper beliefs about the form that economic and social relations should take in civil society' (1985:4). Their account of the period illustrated the way in which central government sought to shape its relations with local government in response to these 'deeper beliefs'. Central government's ability to exert dominance in its relationship with local government is based on a number of factors including its greater resource capacity (human and financial) as well as its capacity to utilise legislation to enforce desired change. It was by drawing on this capacity that Conservative administrations in the 1980s were able to effectively challenge existing constitutional conventions in relation to local government control of finance and introduce a new convention which enabled central government to set targets for local authorities that had to be adhered to (Loughlin, 1996).

Rhodes (1999), refutes this view of the dominance of central government, arguing (following Stewart) that intervention by central government does not necessarily equate to control and that central government's power to shape the relationship is much more constrained within policy networks, as these networks are built upon relationships of 'power dependence' between network members. Power is dispersed throughout the network and while all network members will seek to use their resources to best advantage, central government will not necessarily be the most powerful player. Others, however, contest this analysis suggesting that even within policy networks central government members are able to draw on greater resources and so exercise greater leverage; an 'asymmetric power relationship' is inherent in these circumstances (Marsh et al, 2001).

For some the debate about central-local relations has a normative dimension wherein for the sake of good governance and a healthy democracy a certain shape of central-local relations is to be preferred. An important summary of the normative position was articulated in the JRF commission report into central-local relations (Carter with John, 1992). This contribution cautioned against central government approaches to local government that failed to acknowledge the specific values of the latter institution (community, participation, pluralism, diversity and responsiveness) and the way these values contributed to democratic life.

What Carter and John proposed was a list of principles underpinning the relationship between central and local government that could act as guides to future action. Rhodes

suggests something similar but different, in his research agenda for intergovernmental relations (1999). Here he identifies the need for research to establish the rules underpinning central-local relations, but this is not a normative exercise, rather it is to provide the basis for examining the ways in which these rules might persist or change over time.

LPSAs are operating in an environment in which the nature of existing central-local relationships is dynamic and constantly being remade in different ways, and where there are differing views about whether there is 'an appropriate state of equilibrium' governing these relationships and if so what it and its related rules or guiding principles might be. For LPSAs which are informed by their own rules and principles about the shape and nature of central-local relations, their application into this wider context of past and current, complementary and competing relationships is unlikely to go unchallenged. In particular, the nature of existing central-local relations is likely to permeate the operation of the LPSA in particular ways.

Making change in central-local relations

In new institutional theory change is made when new rules and norms replace previously accepted and taken for granted ways of doing things. Amending or replacing established rules and norms is not easy and often old and new rules will co-exist and potentially compete (Lowndes, 1999). Wright (1978) identified two types of rules that guided officials' behaviour in US intergovernmental relations: 'pervasive rules' were those that provided the overarching framework for the conduct of local government officials; while 'particularist rules' refer to specific arenas for local action, such as seeking grants. LPSAs could be cited as an example of new 'particularist rules' introduced into a context in which actors are guided by pre-existing 'pervasive rules', even though these may not be formally articulated (Rhodes, 1999).

The publication of the principles of the central-local government relationship established by the LGA and DETR in 1997 could be argued to represent an attempt to establish a new set of 'pervasive rules' in English central-local relations. While these principles may be accepted by the national community of local government, they are likely to meet with some resistance amongst individual local authorities or policy networks. This resistance will emanate from the fact that these bodies were not directly party to the agreement, and as Sullivan et al (2002) conclude in their study of new forms of public participation, acceptance of rule change is more likely if all affected parties are involved in rule generation and transmission. Similarly, Rhodes' depiction of policy networks as institutions that seek to maintain the continuity and stability they have established, suggests that any attempts to impose rule change from outside the network are likely to be resisted or at the very least reshaped by actors within the network through a process of bargaining.

This presents something of a dilemma in relation to LPSAs as in Rhodes' terms, LPSAs bring into conflict two or even three different kinds of networks – policy networks that represent the variety of policy areas embraced by the LPSA, territorial networks that reflect the interests of the locality, for example, through LSPs, and the national local government network that negotiated the new rules (guiding the operation of the LPSA) with central government.

While Rhodes insists that policy networks bind certain groups of professionals and policy makers together in common cause, others suggest that there are considerable differences between those operating within central government and those at local

level, regardless of their policy specialism. Wilson (2003) cites the work of Perri at al (2002) and Jones and Travers (1994) as providing evidence that civil servants and local government officials inhabit different worlds, with, crucially, the former believing the latter to offer less in terms of skills and capacities than they do. Consequently the rationale for acceptance or resistance of proposed rule changes may be much more closely linked to key individuals' assessments of how their own interests will be served by the proposed rule changes and how much influence they can exercise over the shaping and transmission of these new rules. Dunleavy (1991) describes this as 'bureau shaping behaviour', ways in which particular decision makers are able to shape change so as to extract benefit for themselves (in terms of status, responsibilities and/or resources).

Rule change can also be promoted through appealing directly to the interests of those individuals whose behaviour the new rules seek to change. The LPSA has a number of these levers in play: the pump priming and reward monies and the option of freedoms and flexibilities for local authorities; while for central government departments, target achievement contributes to the department's own PSA targets, and Treasury funding provides resource support to key departments to participate in the scheme as well as funding the reward grant.

Such approaches are not new. Parkinson and Wills (1986) reflect on the use of DoE funds in the Inner City Partnership Programme and conclude that such funding was recognised as being insufficient to address the needs of particular localities but '...was defined as the price the Department of the Environment would have to pay to induce other departments to enter a discussion about changing both working relationships and expenditure patterns' (294). Its capacity to do even that was, in their view, limited, in part because the local networks established to operationalise this new relationship, failed to take account of existing relationships and decision makers understanding of the way things should be done.

According to Vickers (1965) the actions of decision makers are mediated through the 'appreciative system', '...that combination of factual and value judgements which describe the 'state of the world' or 'reality' (Rhodes, 1999:83). There are three dimensions to the system: the stake of the individual in the organisations, the conduct expected of the individual in her/his position and the values through which the individual interprets the environment.

This implies that past experience (individually and organisationally) will influence decisions about future action. Indeed Barrett and Hill (1986) emphasise this indicating that, '[i]nteractions have a *past* and a *future* and these need to be taken account of in order to understand what is going on in particular negotiations' (1986:49).

It also suggests that past experience could either liberate or constrain future action. However, according to Stewart the potential for liberation could be diminished because, '[p]ower never appears present at the point of action. There is inevitably greater awareness of the restraints upon action than upon the ability to act' (1985:33). This bodes ill for the prospects of LPSAs which are predicated on the hope that central and local actors can between them focus on securing the 'ability to act' as opposed to the 'restraints upon action'.

Making change depends both on individuals as well as organisations or networks. It will be important to examine the contribution of each in the empirical material and to identify the ways in which the key change levers in LPSAs impacted in practice.

FINDINGS FROM THE EMPIRICAL DATA

These findings draw on two sources: a series of interviews with officials in eight central government departments between February and April, 2004 and evidence from the first round of interviews with twelve LPSA case studies undertaken over the last year.

What constitutes central-local relations for stakeholders?

Local Public Service Agreements are formally made between the local authority and the Government and they are signed by the leader and chief executive of the local authority, the ministers for local government and the Treasury and any relevant departmental ministers. They may also be signed by local partners, usually the police or Primary Care Trust. Focusing on the signatories is instructive not just because of the uncertain role attached to local partners but mainly because of the implication that ‘topocrats’ prevail locally but need to interact with ‘technocrats’ centrally – while the local authority leader and chief executive can represent the authority, the local government minister and the Chief Secretary to the Treasury are only able to sign on behalf of other secretaries of state following agreement at the relevant Cabinet sub-committee. It is the Ministers on that committee that form the decision-taking body with the authority to authorise signing.

So while central-local relations for LPSAs appear to be constructed on the basis of central government – local authority, responses from central and local stakeholders to the LPSA revealed a number of possible relationships and partners that for them constituted central-local relations, as suggested by earlier research. The most common relationships cited are described below. However, it is important to note that these relationships were not exclusive but could co-exist and overlap:

- *Central government and individual local authorities.* This view of the relationship as one based upon the traditional institutions was held by relatively few respondents, mainly those who had an overview of policy concerns across central government (generally and/or with specific reference to local government) or in the corporate centres of local authorities (both elected members and officials). The role of intermediary bodies in this relationship was contested. Both central and local stakeholders were likely to acknowledge the specific contribution made by the LGA to the development and implementation of LPSAs. However, relatively few respondents made mention of Government Offices (GOs) in this context. Those that did were likely to be local respondents often endorsing a greater role for GOs in the future but occasionally cautioning against further involvement (on the grounds that it would increase the bureaucracy associated with the LPSA).

Some central government respondents contested this notion of the relationship suggesting that stakeholders with a general policy or institutional focus as opposed to a functional policy focus were apt to conflate their departmental interests and perspectives into ‘governmental’ perspectives, attempting, inappropriately to ‘own local government policy’ in the process. Conversely some local corporate respondents bemoaned the lack of ‘joined-up-ness’ within central government and saw LPSAs as playing out unresolved tensions between functionally and institutionally oriented departments (specifically ODPM), particularly in the negotiation phase.

- *Individual central government departments with local government, facilitated by the LGA.* Another relatively rare example of the central-local relationship. This was given as an example by officials in the Department for Work and Pensions (DWP),

both those in policy functions at the centre and those in the regions with responsibility for the Job Centre plus (JC+) functions. As part of the DWP's new approach to localities an 'Accord' was signed between the DWP, JC+ and the LGA, symbolising a new era of partnership. As a result policy discussions about issues relating to work and pensions and affecting local government are located in regular meetings between the DWP and LGA. The DWP and JC+ also work closely with the LGA to promote the adoption and development of DWP related LPSA targets within local government. However, the DWP and JC+ also work directly with individual local authorities both in LPSA and other initiatives, e.g. the beacon councils initiative.

- *Individual central government departments with individual local authority departments.* This was the most common relationship that both central and local respondents (usually from service departments) referred to. It was also where respondents were able to provide evidence of a new relationship having been established as a result of the LPSA, or a change occurring in the pre-existing relationship.

An issue for further examination here is the extent to which these 'central-local relationships' were actually constituted between, and limited to, key individuals: usually the relevant policy lead and possibly the LPSA liaison official (if there is one) in the government department, and the target owner of the relevant local authority department. In some cases respondents on both sides voiced a commitment to maintain and develop the relationship; several examples of this were provided in relation to the waste and streetscene targets from both DEFRA officials and local authority target owners, but this was not common place.

In those departments where the framework for service delivery was more centralised, particularly the Department for Education and Skills (DfES) and Department of Health (DoH), there were pre-existing relationships with Local Education Authorities (or their equivalent) and social services departments that were supported by more institutionalised intermediaries, such as 'field force' advisors in Education, and the SSI (till 2004) in social services. LPSA played into these existing relationships in different ways but again while local advisors and inspectors operated to a departmental agenda, local respondents also referred to the quality of the relationship with a specific individual as being crucial in helping or hindering the development of a successful LPSA negotiation.

- *Specific functions within central and local government.* The obvious (and possibly only) relationship in this category is that between sections within the DfES and individual schools. This was considered by some central respondents to be a very powerful relationship and one which gave DfES more insight into the 'front line' than many local authorities. Central respondents did not wish to jeopardise this relationship and were cautious of LPSAs (and the influence of the ODPM) as a result. On a slightly different note, local authority and education officials responsible for negotiating the LPSA consistently referred to schools as 'partners', confirming the rather different relationship schools now have with local authorities.
- *Individual central government departments with other local agents.* For some central government departments the primary relationship at the local level is not with all or some of the local authority but with other local agents such as the police, health service or JC+ network. Here LPSAs are perceived by some central

respondents to facilitate a route into local authorities, via the workings of their primary partners. However, in some cases LPSAs are also perceived by both central and local respondents as an additional lever to influence the workings of the primary partner, e.g. in relation to the public health agenda and PCTs. For some central government respondents the implications of LPSAs were not just about developing a relationship with a different organisation (the local authority) but also finding a new way of working organisations that they did not have any direct power over (in terms of policy, performance or funding)

- *Central government and local partnerships.* This articulation of central-local relations was one that many local respondents believed was essential in order to address the realities of modern governance, but which was, in their view, thwarted both by the local authority focus of the agreements and by the inability of central government to respond to local strategic partnership (LSP) arrangements in a joined-up way. This view was particularly forcefully expressed in those localities where the LPSA had been agreed by and would be delivered through the workings of the LSP. In one case study area a partnership based unemployment target could not be agreed as DWP could only make an agreement with the local authority. Consequently, local JC+ initiatives introduced post the LPSA agreement acted to compete with the LPSA activity and reduced the scope for the local authority to reach the target.

A variation on this theme occurred in two-tier areas where particular attention needed to be paid to county-district relationships to achieve particular targets, such as waste, and where the focus on the 'streetscene' target had required the active engagement of parish and town councils in order to be achieved.

The nature of central-local relations – LPSAs in a wider context

Respondents' perceptions of the nature of central-local relations was informed by their immediate context (central/local, corporate/service, high profile centralised service/low profile, decentralised service) but also by the recent history of central government – local government relations and their involvement with central and local government through this period. There was general acknowledgement amongst central and local respondents that central government had become a far more dominant force in local government since the 1980s and while most refuted the idea of the relationship as a principal-agent one and many talked in the language of partnership between central and local, the 'asymmetry' of the relationship permeated respondents' reflections; the Comprehensive Performance Assessment (CPA) being an important symbol of this. Respondents tended to view central-local relations as dynamic, though operating within certain parameters to maintain this asymmetry.

Again, there were important differences in the perceptions of respondents depending on their context, and it was not possible to synthesise responses at either central or local level to adequately describe the nature of central-local relations. Services areas such as education and social services were far more tightly prescribed and controlled by DfES and DoH intervention than environmental concerns were by the Department of Environment, Food and Rural Affairs (DEFRA), but here there could be differences within the department with relatively high levels of control in terms of waste and recycling (emanating partly from the European Union) co-existing with much looser arrangements, such as those in relation to streetscene. Partnership was more likely to be a term used by both central and local respondents in relation to those areas of policy where central government was less able to dictate terms to local government

and either needed local government's involvement in order to achieve its goals or where central and local government had the same ambitions, for example, DWP's emphasis on increasing employability amongst certain groups, the Department for Culture, Media and Sport's (DCMS) ambitions in relation to physical activity and well-being.

Central and local respondents expressed frustration with each other, though for different reasons. For local respondents (within and beyond local government) the frustration was primarily about central government's limited capacity to 'join up' and its failure to appreciate the importance of local context. This translated in some cases to a perception that central government was unable to acknowledge that certain local authority areas could make a unique contribution to the delivery of improved outcomes but only if central government dealt with them in something other than a 'one size fits all' approach.

For central respondents frustrations were more about getting local government to deliver what was needed. This manifested itself in different ways: some respondents did not believe local government had the capacity to deliver in certain service areas, while others were less concerned about capacity and more concerned about having to trust local government to do the right thing. Devolving decision making from central government and increasing local discretion over priorities and activities (described by some as 'new localism') presented particular difficulties for central respondents that held these views as they remained to be convinced that local government could deliver without closer central government direction.

The development and application of LPSAs was informed by the prevailing perceptions of the nature of central-local relations and mediated by the pre-existing relationship of the local authority service area and the relevant central government department. The tone and quality of those pre-existing relationships influenced the conduct of the engagement in the LPSA, though they tended to be contained within a particular service area or function, e.g. a poor relationship in one target policy area did not necessarily have a negative effect on another in the same local authority.

Making change: change agents, roles and levers

A number of change agents were identified from the data. They were a mix of institutional and individual agents and their contribution could be considered both facilitative and constraining by different respondents. The core institutional agents were:

- *The Treasury* was considered to play an important role in terms of funding the LPSA initiative and also funding staffing to resource participation in the LPSA in certain government departments. This contribution was acknowledged mainly by central respondents. To this extent the Treasury can be seen to be playing a similar but rather more strategic role to that of the Department of the Environment in the ICPP. However, the impact of the Treasury was perceived by some to be double edged, for example, there were suggestions by some respondents that the outcomes of LPSA didn't matter as the reward grant was 'Treasury' money rather than departmental resource. More significantly the potential dominance of the Treasury over other departments was seen to be played out in LPSAs, with the espoused local discretion confounded by central signals about what key priorities are. The change, in the second generation of local PSAs, to focus entirely on the priorities for improvement locally, as agreed through the Local Strategic

Partnership, may reduce this perception of priorities having to reflect those of government.

- *The ODPM LPSA* team were identified as important by local authorities in helping them through the government maze and sometimes ‘fighting their corner’ with central government over particular targets. The continuity provided by the team was valued particularly by local authority LPSA co-ordinators, although target owners occasionally complained about targets appearing to be agreed with central government departments but then being challenged by the ODPM on value for money grounds.

For central respondents the role of the ODPM LPSA team also provoked mixed reactions. In some cases the capacity of the team to ‘hold the ring’ in relation to cross-departmental targets was extremely valuable and enabled successful agreements to be reached. However, other central government respondents remained suspicious of the team, concerned about the ODPM imposing its own agenda on their policy area.

- *The LGA* was recognised by respondents on all sides as being an important change agent in relation to LPSAs, both in terms of developing the initiative but also through its work with local authorities and government departments in promoting the initiative and facilitating the determination of successful proposals. The policy theme workshops co-ordinated by the LGA with government departments such as DWP and DEFRA were considered to be extremely effective in enabling local authorities to generate good initial proposals.
- *Government Offices*. These were mentioned by a small number of respondents (central and local) as sites of potential rather than actual influence. For the most part GOs appear to be absent from LPSAs, though there were particular exceptions, e.g. Housing and Home Office (HO). Local respondents were frequently surprised that GOs were not more engaged, although in one or two instances the intervention of GO officials had not been welcomed.

This draws attention to the fact that while it is possible to identify some institutional change agents, in many cases key change agents are individuals operating with particular skill and energy in given circumstances. These are considered below.

- *Ministers*. The significance that ministers attached to the potential of LPSA appeared to be critical in determining its profile in the relevant government department according to central government respondents; Michael Meacher’s setting the level of stretch over recycling in DEFRA is an example of ministerial intervention raising the profile of LPSAs, while respondents from other central government departments reported ministers as having ‘no interest’ in the initiative resulting in the LPSA becoming marginalised for a time. In some departments Ministers were reported as being resistant to the LPSA because of a concern about the consequences of local variation and discretion. This led to officials in those departments (such as DfES) adopting a particular approach to the implementation of LPSAs.

While Ministers were identified as setting the tone in relation to the department’s response to LPSAs, their reported enthusiasm or indifference may in fact derive from the advice given to them by key civil servants, who may or may not opt to

'sell' the LPSA. The interactions here are complex and there was insufficient data to explore this further.

- *Local councillors*, specifically those in the Council Executive were identified by some local respondents as key change agents, seeing in LPSA the opportunity to pursue particular objectives in relation to service outcomes, partnership working, performance management and/or changing central-local relations. This was not a consistent message from local case studies; while elected members played an important role in all LPSAs, their potential as change agents was cited only in certain circumstances.
- *Key individuals in departments*. A number of key individuals were cited (by central and local respondents) as leading change in central government departments, often in the face of considerable resistance. Sometimes these were career civil servants who saw in LPSA the opportunity to deliver on aspects of the department's own PSA. In a number of cases they were secondees from outside the civil service, from local government or related bodies. In this latter case, while the impact of those individuals could be as important in the time that they were in the department, there was a danger that their contribution would not be sustained once they had moved on.

There was less data about the role of local officials, though some central government respondents did identify certain local target owners as providing them both with 'food for thought' in relation to their activities and a channel of communication for discussion about the development of future policy.

From amongst the change agents it is possible to discern key roles played institutionally or individually that influenced the possibility of change to central-local relationships. Two roles are worth noting - champions and reticulists. 'Champions' acting to promote and support the ambitions of the initiative could be found at institutional level, e.g. the Treasury's resourcing of the initiative, the LGA's extensive promotion and facilitation within local authorities, and amongst individuals. Similarly there were institutional and individual reticulists, those who facilitated the development of agreements by drawing on and developing their networks to ensure that the right people were brought together to negotiate a target and to support that negotiation to a successful conclusion. The LPSA team fulfilled this role institutionally and a wide range of individuals performed this function at both central and local levels.

The introduction to this paper outlined the particular mechanics that underpinned the operation of the LPSA. While each of these were relevant to the achievement of the LPSA objectives, particular elements were relevant to the ambition of changing central-local relations: the resourcing of LPSAs (enabling stakeholders to participate in the LPSA), the experience of negotiating (increasing understanding of the other) and the issue of freedoms and flexibilities (facilitating improved performance).

- *Resourcing LPSA*. This refers to the extent to which central government departments were 'fit for the purpose' of engaging in LPSAs. In general those departments that could resource LPSA teams (either themselves or with the support of Treasury funds) were better placed than others to get involved with LPSAs. However, adequate resourcing could be undermined by a lack of ownership amongst policy staff of the aims and objectives of the LPSA, whilst limited resourcing could be overcome by positive commitment to the policy.

The ODPM's central LPSA team played a key role in the promotion of ownership across other central government departments. Its ability to do this appeared to be at least partly related to the staff capacity it had at its disposal. The size of the team meant that it could devote appropriate amounts of time to exploring the implications of the LPSA across a range of policy areas, while the skills and seniority of the civil servants within the team facilitated effective negotiations with officials in other central departments over target selection, outcome identification, levels of stretch and value for money.

For local officials the issue of resourcing was considered rather differently, few local officials received any additional support to facilitate their engagement with the LPSA and in reality few expected any, assuming that the costs of engagement would have to be borne within existing resources. Again the extent to which local officials were committed to the LPSA and their perception of the benefits it offered them (professionally and personally) informed their involvement with the initiative.

All respondents (local and central) highlighted the resource intensive nature of the LPSA process and the likely increase in this in LPSA2. While some saw their departments as being better resourced to deal with LPSA2 (e.g. DEFRA), others were likely to have the same or fewer resources (e.g. DoH and most local authorities).

- *The negotiation phase.* The extent to which negotiations between central and local government could contribute to changing central-local relations was influenced by participants' attitudes to them. For some respondents (central and local) negotiations were seen as an opportunity for systematic dialogue over a particular issue in the pursuit of joint problem solving and agreement. This position stemmed from seeing LPSA as an opportunity to 'do things differently'. For other respondents (again central and local) negotiations were about 'going head to head' to get the best deal. This latter position was borne out of mutual suspicion that each would try 'to get one over' the other as this was the game that central and local government played. Where both sides were of the same view then negotiations proceeded on that basis. But, where the sides were of different views, difficulties could result. In order for the negotiation process to generate new more mature central-local relations, the former position is the more likely to be effective. However, all sides have to be convinced that 'the rules of the game' have changed otherwise old behaviours will continue to linger.

In practice there was variation between and occasionally within central departments in their capacity to negotiate, though there were several common concerns reported by local LPSA co-ordinators. These included the failure of central government representatives to 'get that it was a negotiation, they thought it was an opportunity for instruction', of their inconsistency in negotiations with relatively junior staff making agreements that would then be overturned by someone more senior in the department, of officials' apparent lack of awareness of the LPSA and of the difficulty departments experienced in negotiating across departmental boundaries.

Some central government respondents concurred that they were rather more directive than local respondents might have expected in negotiations, citing the poor quality of local performance as their justification. In certain service areas the approach to negotiations was conditioned by the pre-existing relationship

between the department and the local authority (education and social services are important examples of this). Elsewhere, however central respondents emphasised that they had approached negotiations more openly, particularly in service areas that were new or developing, e.g. streetscene.

Another complicating factor in the negotiation process was the ODPM's role in scrutinising agreements for evidence of 'value for money'. Apart from the disagreements which have grown up about how to determine 'value for money' (and which we have reported on elsewhere, see OPM et al 2005), there were occasions when negotiated agreements between an individual local authority and the relevant central government department were challenged by the ODPM on value for money grounds, resulting in the re-opening of negotiations. Such interventions could frustrate developing central-local relations between central departments and local services by introducing uncertainty into the process.

- *Freedoms and flexibilities.* The experience of negotiating and securing freedoms and flexibilities was the source of greatest disappointment to central and local respondents, though the data suggests that local respondents had far greater expectations about what was possible than central respondents. A key issue here is what shaped the failure: local authorities being insufficiently creative, foolish in their demands and/or also misunderstanding what was on the agenda; or central government departments being too resistant to proposed changes because they had under-estimated how LPSAs should affect the way things were done.

Some respondents from both central and local government conceded that they may have been culpable – central government respondents indicating that their default position tended to be 'no' too often, and local government respondents acknowledging that they may not have been as creative as they could have been in identifying freedoms and flexibilities that would lead to improved performance. However, other respondents were far more critical; corporate local authority respondents were particularly frustrated at what they perceived to be central government's 'problem with flexibility', resulting in localities 'wasting time' identifying possible freedoms and flexibilities, while officials in some central government departments were sceptical about the value of granting freedoms and flexibilities to individual authorities under any circumstances.

Some positive changes did emerge from the freedoms and flexibilities (for example Devon (independent living target), Leeds (road casualties' target) and Oxfordshire (public transport target)). But overall, although a large number of freedoms and flexibilities were negotiated, only a relatively small proportion were judged by authorities to have helped significantly.

What has changed so far?

There is evidence of some small changes in central-local relations, though often there is no indication yet of how sustainable that change is. Data from the evaluation identified that change has taken place in the following ways:

- *A developing awareness of the importance of local context and the complexity of the environment that local authorities work in.* Here central respondents report having a greater understanding of 'what it's like on the ground' and the consequences of this for policy development and implementation. Again this tended not to be an issue for those departments with pre-existing local links

(social services and education reporting ‘no change’ in their situation) but was identified as positive outcome in other departments without such infrastructure, e.g. DEFRA, DWP.

There tended not to be a similar acknowledgement from localities about the LPSA process improving their understanding of the operating context for central government. Instead respondents were perhaps more rather than less critical of central government (and particularly its lack of ‘joined-up-ness’) as a result of LPSA.

- *Improved central-local communication.* Central and local respondents refer to more frequent and productive communication as a result of LPSA (again mostly outside departments dealing with social services and education). Local respondents value ‘having a name to contact’ though the value of this personal communication may be short lived as civil servants move on. In some cases this communication is recognised to be potentially beneficial beyond the immediate local authority concerned. For example Manchester’s health inequalities target has led to regular exchanges between the Department of Health and members of Manchester’s Joint Health Unit about issues of local data collection and measurement in relation to health inequalities.
- *Improved communication between central departments benefiting local relationships.* While local respondents were quick to point to the ways in which the LPSA had exposed the boundaries between central government departments, they were also prepared to acknowledge where this had led to improvements in central government co-ordination, which were ultimately of benefit to localities. This was particularly the case in relation to cross cutting policy areas involving several departments, e.g. streetscene matters (which could involve DEFRA, HO, and ODPM). According to central respondents the LPSA process had prompted them to make contacts and develop relationships beyond their departments as part of the negotiations and this had helped to ‘join things up’ so as to enable central government to relate more effectively to local authorities (and their partners). These largely personal contacts will need to be embedded if they are to survive the regular personnel moves and reorganisations of central government.
- *Learning from local experience.* This was a clear hope of many local respondents but was expressed most forcefully by central government officials in relation to the workings of the Home Office. Here the LPSA process was perceived to have provided access to evidence about new local initiatives that added to the knowledge and evidence base of the department, e.g. in relation to the measurement of outcomes. Central respondents also saw the LPSA as another avenue for policy ideas to be communicated directly to the field and for local reactions to be quickly garnered.
- *New routes for policy consultation.* Related to the above, a number of central respondents referred to the way in which links made through the LPSA process enabled central government policy staff to identify those authorities with a particular interest in different aspects of policy and provided a ready made network of informed consultees (DEFRA, DWP, DCMS). Local respondents welcomed this particularly where central government was able to link learning from the LPSA to other initiatives focusing on service improvement.
- *Changes to policy planning as a result of LPSA.* Very few examples were provided here and none were identified by local respondents. However, two were

suggested by central respondents: the move to the single Education Plan (and now Education Compacts), and clarification of guidance on highways maintenance.

CONCLUSIONS

This concluding section highlights some key issues arising from the examination of empirical data in the context of previous research and in relation to the Theory of Change that is providing a framework for the evaluation.

LPSA and central-local relations

The experience of the LPSA initiative to date has illustrated the difficulties associated with adequately describing central-local relations and has also identified the possibilities and constraints associated with attempting to short-cut these difficulties by working through intermediary bodies, such as the LGA. While the positive contribution made by the LGA was acknowledged by both central and local respondents, claims of shared ownership of the LPSA initiative between central and local government arising from the LGA's involvement in developing the scheme, could not be wholly substantiated, partly because of the autonomy of individual local authorities and partly because of the myriad of central-local relationships that operate within individual authorities.

Consequently the LPSA initiative was introduced into a context of complex central-local relationships, many of which were long standing and were of considerable significance to those involved in them. As a result these pre-existing relationships acted to condition the impact of the LPSA meaning that the impact of the LPSA was very different in policy areas such as education and social services, compared to others such as local environmental and leisure services. The LPSA also acted against existing relationships in some circumstances, its focus on local government making it difficult for localities with well developed partnership arrangements to fit easily into the scheme. The strength of functional policy relationships between the centre and localities also diluted the capacity of the LPSA as an instrument for facilitating whole organisational change, as experience from one policy sector rarely spilt over into other sectors, though this was less of an issue in local authorities with a strong corporate identity.

The availability of additional resources to support some central government departments in their engagement with the LPSA process appears to have been successful although it is too early to assess whether this has helped secure sustainable change in central-local relationships. What does appear to have influenced the impact of the LPSA is the extent to which centrally and (particularly) locally, individuals have seen in the LPSA scheme an opportunity to make and shape change. Following Vickers (1965) individuals' 'appreciative systems' do seem to have informed decision making, with officials regularly justifying their decision to participate in the LPSA on the basis of professional and/or organisational values and their responsibilities to their organisation. In some cases there is also evidence that individuals have sought to engage in what Dunleavy (1991) describes as 'bureau-shaping' behaviour, mostly particularly in relation to the negotiation phase. Examples include central officials using the LPSA to facilitate local activity in a particular policy area and minimising the use of freedoms and flexibilities, and local officials securing an LPSA for an activity that is likely to achieve target performance without intervention.

Is the LPSA initiative really about changing central-local relations?

The nature of the data suggests that this is an important question to reflect on at this stage in the evaluation. Local respondents have tended to play down this aspect of the LPSA. While respondents from the corporate centres of authorities have been more aware of the potential for LPSAs to generate a new relationship with central government in terms of, getting a local voice into the policy arena, improving communication between central and local functions and articulating the importance of local context, these aspirations have a wistful quality about them; that change could happen but only if central government notices what is on offer. Very few local authorities have been assertive and based their engagement with LPSAs on the understanding that both sides will need to change.

Responses from the central government interviews indicate that this wistfulness may be well-founded. The data reveals little, if any acknowledgement that central government needs to significantly change the way it does things. LPSAs are understood primarily as a means of improving local authority performance to help achieve policy goals with the focus very much on what local authorities, as opposed to central government departments, can do differently to achieve this. There are some important examples of where change has taken place in central departments as a result of the operation of LPSAs, e.g. the introduction of the Single Education Plan and the flexibility on Standards Fund virements but these remain limited to date and do not necessarily presage a radical rethinking within central departments about how they relate to local government, but rather reflect a perception of LPSAs as a means of refining a system that largely works well, although this perspective could be challenged should the new Education Compacts prove to be a significant departure from traditional central-local relations.

Amongst central government departments that have a less well established relationship with local authorities, e.g. DWP (beyond benefits) or fewer levers over what local authorities do, e.g. DEFRA, LPSAs are seen to offer an opportunity to push the departmental agenda at a local level. Again this is done largely on the basis that securing change in local authorities' strategies, priorities and ways of working will not require any significant alteration in their own.

Devolving decision making from central government and increasing local discretion over priorities and activities will add to the anxiety felt by many of our central government respondents (and reportedly, their ministers) that local government is not up to the task and/or that local discretion is not appropriate in some policy areas. This anxiety is likely to inform the up-coming negotiations in LPSA2 and could manifest itself as a strong resistance to local proposals or a simple disengagement from the agenda. This is entirely possible in an environment of resource reduction in central government departments and where other policy levers can achieve central objectives. A complicating factor here is the strong emphasis placed on LPSA2 being about achieving changed 'outcomes'. While the focus on outcomes was generally welcomed by both central and local respondents who reported that this corresponded with the ways in which their own policy areas were developing, it was frequently acknowledged that determining appropriate outcome measures was both difficult and often contestable. LPSA2 could provide an important mechanism for facilitating changes to the ways in which both central and local officials approach achieving improved quality of life, but the challenges associated with working in this way could also result in LPSA2 agreements becoming less ambitious and more narrowly focused (in areas where outcomes are clear and measurable).

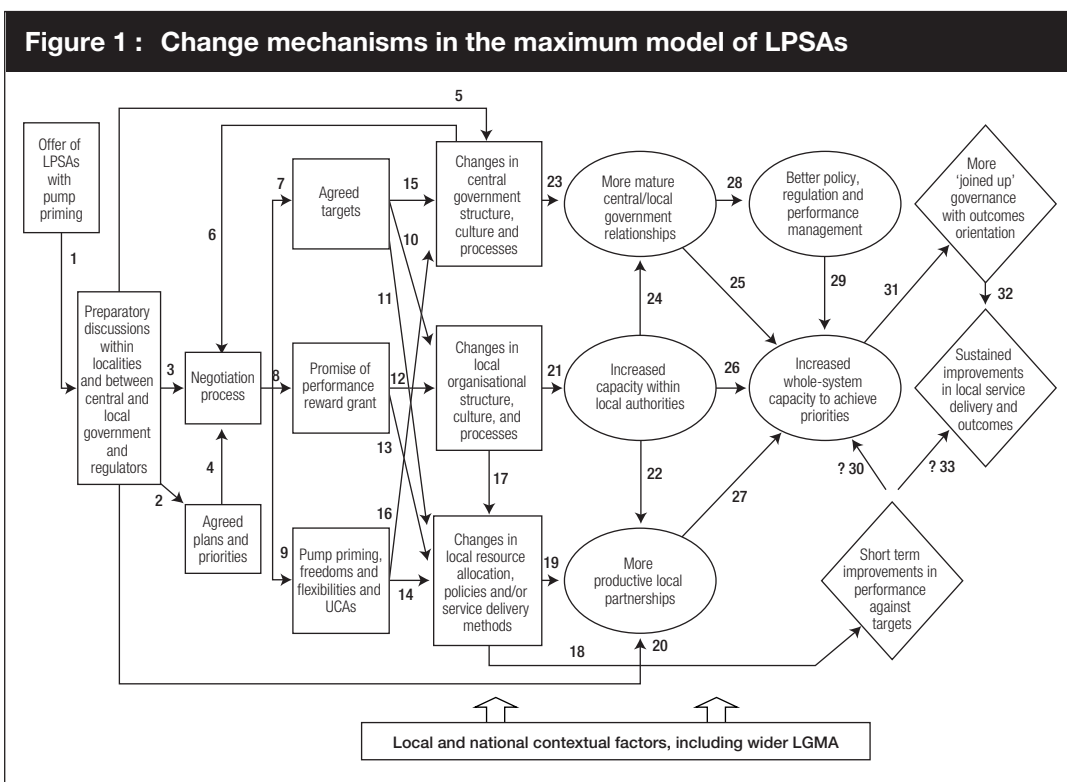
Central – local relations and the ‘Theory of Change’

The ‘Theory of Change’ for the LPSA evaluation identifies more mature working relationships between central and local government as one of the long term goals specified by stakeholders in relation to the LPSA. However, it is important to place this aspiration in context. In the ‘ToC’ stakeholders’ overarching goal was the achievement of sustained improvements in local service delivery to meet priority outcomes; other goals were subsidiary or instrumental to this. There was general agreement amongst stakeholders that sustained improvement required systemic changes at both local and central government level, but doubt over the achievability of sufficiently profound and widespread change at central government level; change at local government level was seen to be integral to the success of LPSA in a way that central government change was not.

This was reflected in the variation in assumptions that underpinned the ‘ToC’, the clarity of local government’s assumptions – ‘The introduction of negotiated agreements will lead to new relationships where local authorities have greater influence on the policy agenda’ - not being matched by those of central government, which referred instead to ‘flexibility’ and reducing ‘red tape’.

The relative position of changing central-local relations vis a vis local service improvement and increased local capacity was highlighted in the three models of LPSAs. While changes to central and well as local government were identified in each of the models, the translation of these changes to ‘more mature central-local relationships’ appears only in the ‘maximum’ model. In this model, improved central – local relations contributes to better, policy, regulation and performance management, an increase in whole system capacity to act and a more ‘joined-up’ governance.

A number of ‘change mechanisms’ were identified to explain movement through the ‘ToC’ (see figure 1 on page 23). Some of these were concerned with central-local relations. Setting the data available against these change mechanisms it is possible to draw some (tentative) conclusions about the current state of LPSAs.



Pre negotiation (all models)

Mechanism number	
3	Greater understanding on both sides of the other's position enables agreement to be reached
5	Central government gains a better understanding of the impact of policy and regulation on the ground, of blockages in communication that exist between central departments and with local authorities and which cause unnecessary constraints on local action, and of what works where and why
5	Central government develops partnership working skills
5	Central government develops a better understanding of problems and priorities in specific localities
6	Changes in attitudes and understanding within government facilitate negotiation

There is little evidence from our data to suggest that any of these change mechanisms were enacted at the pre-negotiation stage, except in those circumstances where there were pre-existing links between central and local government, e.g. DfES and DH, and even here their impact was very variable. This meant that awareness raising within central government was delayed until (at least) the negotiating stage which meant that pre-conceived ideas, poor intelligence and departmental resistance/inertia were not challenged.

Negotiation (all models)

Mechanism number	
7	Central government gains an understanding of what is realistic
9	Discussions about freedoms and flexibilities enable local and central government to understand the real nature of the barriers and to jointly come up with solutions

No. 7. It is possible that the negotiations did produce a greater understanding within central government about what is realistic, though this will have been a cumulative process over a period of time negotiating batches of LPSAs, rather than something that happened in relation to each individual LPSA agreement. It is likely to have happened earlier in some target areas than others, e.g. awareness of over-ambition of education targets was spotted relatively early, in part because of the EDP, in part because targets compulsory and so more evidence to work with.

No. 9. There is little evidence that debates about freedoms and flexibilities took this shape, unless by ‘real nature of the barriers’ is meant, local authority lack of ambition and central government reluctance to give anything meaningful away. In part the issue might be a temporal one, that there simply wasn’t enough time in the timetable to allow for these discussions to happen in the way envisaged.

Post agreement change (all models)	
Mechanism number	
15	Central government departments are committed by the agreements to developing new processes of dialogue with local authorities
16	Central government gains understanding of how policy and regulation can create obstacles that constrain local ability to achieve outcomes and this stimulates action to clarify real as opposed to imagined blockages and to develop a more streamlined approach to responding to local government

No. 15. There is some evidence of this. In DWP the agreed F&F refer to the development of improved relationships between local authorities, JC+s and relevant policy staff. In DEFRA, this commitment is implied rather than stated in the agreements. Overall, however a commitment to new processes of dialogue is not as systematized and linked to individual targets/agreements as this mechanism implies; it is generally much more ad hoc.

No. 16. There is some evidence that central government has a better understanding of how its actions can inhibit local authorities but that is not necessarily reflected in any commitment to do anything about it, e.g. changes to operation of housing benefit, changes to national indicators in social care. There are a couple of examples of what might be described as ‘more streamlined approach to responding to local government’ e.g. the DWP, LGA and JC+ Accord and the DfES ‘Compacts’.

Medium and longer term change (maximum model)	
Mechanism number	
23	A critical mass of Ministers and officials in central government realises the value of closer dialogue with local authorities in order to achieve their own objectives and this becomes embedded in the policy process
24	Local authorities gain a better understanding of the policy process and become more confident in their dialogue with government and are more prepared to be honest about the real problems that they face
25	Central government refrains from imposing policy changes that prevent partners from achieving agreed priorities
28	Both central and local government are more trusting of each other which means that they are more honest about difficulties and more prepared to pose potential solutions
28	There is a faster and better feedback loop from implementation to policy formulation
28	Policy becomes more delivery focused
28	Policy, regulation and performance management becomes more attuned to varied local circumstances and capacities
28	The interaction on the ground between silo- based policies is better understood by central government and policy conflicts are avoided or reduced
29	Policies, regulation and performance management are more effective in informing local responses
31	Simultaneous change in central and local government and partnerships breaks down silo thinking and leads to a virtuous circle of more effective policy development and implementation and better use of resources
32	'Joined up' governance is better able to identify, agree and deliver on key outcomes

It is probably too early to expect change in some of these areas (particularly no's 29, 31, 32) but there are a couple of points to consider:

- i) whether the shift to 'new localism' (and the piloting of Local Area Agreements) is an effective substitute for or manifestation of mechanism number 23?
- ii) whether local authorities' experience of LPSA to date has made them more confident in their dealings with central government and more prepared to be honest, or whether their experience has confirmed their existing beliefs/prejudices (mechanism 24)?
- iii) whether there is evidence of a greater preparedness to trust on either side and whether the shape and nature of LPSA2 is an example of this (mechanism 28)?

Reflecting on theory and practice

The 'ToC' outlines what *should* happen if the theory is correct. Any divergence from the theory needs to be explained, usually as implementation failure or sometimes as theory failure. Evidence of the latter may mean that the 'ToC' needs to be revised.

From the evidence available it is possible to conclude that the point at which there seems to be greatest mismatch between theory and activity is at the pre-negotiation stage. This is important as failure to engage here means that subsequent developments in understanding and relationships are delayed till later stages and may not happen at all if sufficient 'ownership' of the LPSA process is not generated early enough within government departments.

It is possible to explain this discrepancy between theory and activity with reference to contextual factors that might inhibit implementation. There are several from the list identified in the 'ToC' that do appear to have been operating, specifically:

- Some central government departments perceiving LPSA as an unnecessary diversion from their policy goals/performance instruments/*existing methods of relating to front line* and so not prioritising it
- Lack of capacity in the right place at the right time, i.e. enough people with the right skills and capacities to engage (both central and local government level, but mainly, it seems, central)
- Emergence of distracters e.g. new policy initiatives which change priorities and shift focus of civil servants/ministers
- Dominance of the civil service priority to deliver to the Minister on policy may limit opportunities for new local approaches to be developed. Lack of change at the centre leads to lack of creativity and LPSA becomes mechanical

In addition it is possible to identify two additional factors that have acted to inhibit change:

- Central departments not perceiving LPSA to be about change in the way they do things but rather focusing only on how local government can change, so reducing opportunities for creative exchanges
- The awareness of what is possible in LPSAs coming too late in the day to capitalize on it

Equally it has been possible to highlight those factors that have been vital in supporting the operation of the 'ToC' with regard to central-local relationships (though they have had less effect than the 'ToC' requires). These are:

- Adequately resourced LPSA team in ODPM
- Central government infrastructure and culture to support performance management in some service areas e.g. Department of Health and SSI, DfES and 'field force' advisors
- Shared goals and a culture of trust between partners

It is also possible to consider the possibility of 'theory failure' here. While the logic of the ToC remains robust in terms of how the elements link together, it is possible that front loading so much central government involvement at the pre-negotiation stage, was over ambitious, when, with the exception of some incidences in relation to education and social services, there was never likely to be that much engagement.

However, the process for LPSA2 is much more akin to what was proposed in the 'ToC' (for the pre-negotiation stage), and has been indicated already above, it will be important to examine the extent and nature of central government involvement and the effect this has on the subsequent agreements and central-local relationships.

IMPLICATIONS FOR POLICY AND PRACTICE

1. LPSA2 will be operating in and amongst a variety of existing local-central relationships. What is considered 'change' in these relationships will be informed by a variety of factors and account will need to be taken of this when reflecting on the 'success' or otherwise of the LPSA.

2. LPSA2 is likely to be at least, if not more resource intensive than LPSA1 (particularly given the focus on outcomes). Therefore, central government departments need to ensure that they are appropriately resourced at all levels in order to engage effectively with the process. This applies equally to the ODPM's central LPSA team.
3. LPSA2 will be operating alongside existing and developing departmental programmes. All stakeholders need to be aware of this and to anticipate how LPSA2 is likely to 'fit' with these programmes.
4. Secondments to/from local and central government appear to have worked well in helping to aid understanding about 'the other side' and to facilitate the implementation of policy programmes. LPSA2 should seek to capitalise on and encourage these exchanges.
5. Change in local-central relations is facilitated by individuals. However, if it is to be sustained it needs to become embedded in the department. Departments need to take action to secure this. Similarly, in those departments where there is an established infrastructure to relate to local services, it is important to examine whether that infrastructure acts to facilitate change to help realise the LPSA or whether it is used as a buffer to prevent change from impacting on centrally based functions.
6. Routing LPSA2 through LSPs is likely to add coherence to locality planning but will also cut across central government boundaries and departments need to be prepared and organised to respond in a 'joined-up way'.
7. The relative lack of ambition by central government respondents in relation to cross-departmental working is likely to be challenged in LPSA2 where the focus on outcomes and working through LSPs is likely to generate more demands for 'joined-up action' at the centre.
8. Similarly the emphasis on local priorities in LPSA2 is likely to place greater demands on central government departments in terms of their commitment and engagement and is also likely to challenge expectations about how or whether central government departments need to change the way they do things.

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