



Heart of the matter

GETTING TO GRIPS WITH WHOLE PLACE
TRANSFORMATION

By Joe Fyans, Sandy Forsyth and Callin McLinden



About Localis

Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Decentralising political economy.** Developing and differentiating regional economies and an accompanying devolution of democratic leadership.
- **Empowering local leadership.** Elevating the role and responsibilities of local leaders in shaping and directing their place.
- **Extending local civil capacity.** The mission of the strategic authority as a convener of civil society; from private to charity sector, household to community.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.

What we do

We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

IMPOWER

Who we are

Founded in 2000 by a local authority Chief Executive, IMPOWER is an award-winning consultancy that brings together public and private sector experts to address complex challenges. To date, we have partnered with over 150 UK councils, improving performance, enriching lives, and strengthening public services.

What we do

We use our experience and insights to enable clients to create successful, sustainable and thriving communities that work for everyone. Our unique EDGEWORK® approach enables us to deliver results at scale and support our clients to work across organisational and system boundaries. Through co-production, technology, innovation and applied analytics, we offer a wealth of options for driving better outcomes that cost less.

Why whole place transformation matters

Lasting social change and inclusive economic growth is only possible if we turn the promise of whole-place transformation into a reality. To achieve that, we support our clients to: design and deliver long-term growth and regeneration strategies; re-design place-based services to deliver better outcomes at lower costs; and strike growth and devolution deals to give communities the powers and resources they need to flourish.

We deliver this through our expanded Place Team. Our team members have shaped national policy, facilitated growth deals, developed growth plans and strategies, and helped clients access hundreds of millions of pounds in public and private investment. We work with local government, central government departments, funding bodies, housing associations, and regeneration partnerships.

This year, we are expanding our portfolio of work in place transformation to help more clients create thriving communities, sustainable services, and to put in place the foundations for good growth. We are excited to work with Localis and sponsor this research to explore the future of Place and continue making a positive impact within the communities we serve.



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Any error or omissions remain our own.

Joe Fyans, Sandy Forsyth, Callin McLinden

Roundtable series and interviews

Localis held four in-person thematic research roundtables and separate interviews for the project. We would like to thank the participants, listed below, for their time and input.

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Executive summary

Driven by the dynamics of a new political cycle, we are on the edge of a major shift in the way we go about delivering local public services. The circumstances call for a reform agenda encompassing the positive hopes of devolution and community empowerment without shying away from the sombre realities of limited fiscal headroom and years of sluggish economic growth, even as public trust in politicians and their ability to deliver change is at an historic low.

This report draws on extensive research and conversations with local leadership from across the country in an attempt to present some of the key elements of a reform agenda aimed at whole place transformation. The aim is to contribute to the national conversation of where we are and what we need to achieve, at the local level, to improve our public services, revive the economic heart of our places and deliver for communities.

We do not attempt to produce a panacea of solutions to the challenges faced by local government, nor to encourage 'moon shot' ideas in a sector which is struggling to provide at a baseline service level in many parts of the country. Rather, this research has sought to produce pragmatic steps that can enable radical transformation, rooted in existing best practice among local authorities, as well as to provide recommendations for comprehensive central government reform, based on the lessons of recent decades.

Key points

Throughout the research for this report, engagement with leaders across local government unearthed an optimism about the possibility of radically improving the efficiency and efficacy of public services through adopting a 'whole place' approach.

A whole place approach entails focusing on:

- **Empowering local leadership** through long-term and sustainable financing.
- **Embedding a preventative approach** by investing to address problems at source.
- **Developing a collaborative culture** for user-centred service provision.
- **Practising community co-design** with structured and sustained community engagement.

Taking this approach can deliver better service outcomes with a more user-centred focus on resident experience.

Optimism about the prospects for whole place transformation is not grounded in a denial of the hard truths. As set out in **section one**, there are many challenges to delivery, born of systemic under-funding over at least the last decade. Yet local leaders remain as committed as ever to the task of finding ways to deliver quality public services.

A whole place approach has been trialled in various forms over recent decades. **Section two** details this history of false starts and near-misses. The research for this report engaged individuals involved in many of these configurations, with one clear lesson arising across all examples: namely, lessons going unlearned and new, effective approaches failing to enter the mainstream of delivery.

In 2024, with the election of a new government committed to devolution and reform we have an opportunity to make it stick. **Section three** looks at how a new settlement can be constructed and **section four** lays out actions that local leaders can take to realise whole place transformation in their areas and reforms that central government can take to make improving the delivery of public services central to a mission of local growth.

Recommendations

The recommendations of this report represent an attempt to balance two imperatives, as informed by the research and engagement carried out over the course of the project. On the one hand, there is the need for radical, structural reformulation of the settlement between central and local government. On the other, there is the need for councils to continue to find ways to deliver strategically and intelligently, in spite of a system which all too often works against such activity. The goal is to outline the principles which must undergird systemic reform whilst also highlighting the best practice and pragmatic action taken by councils managing to innovate in the system as it currently exists.

Local government recommendations

To continue to deliver for residents even under considerable pressure, the use of partnership models centring on upstream prevention will be crucial. An examination of best and emerging practices in this area informs the following recommendations:

1 Plan to transform



To help foster a collaborative culture, **councils should produce transformational whole place service delivery plans, in collaboration with other agencies**, to give a clear overview of the efficiency and quality of service delivery across an area.

2 Model to prevent



Councils should develop internal models for valuing prevention and review spending accordingly, to help ensure that they can adopt an outcomes-focused approach to reducing demand on frontline services.

3 Prime for good growth



Being primed for good growth will be key to sustaining long-term transformation. **Councils should set out what good growth looks like over the immediate, medium and long-term** as part of forthcoming statutory local growth plans.

4 Work in partnership



Councils should **form partnerships and pool resources with local partners** across the public, private and third sectors. Operating with severely restricted capacity that is mostly outside of their control, it is more important than ever that councils lead collaboratively.

5 Deliver through innovation



Councils should work with private and third sector partners to **establish innovative vehicles** for regeneration, with explicit mandates to use procurement and other strategic functions to promote local economic growth.

6 Empower people



Local partnerships should **embed a culture of community engagement and empowerment**. This means adopting an asset-led and strengths-based approach, focusing on trust building, and develop different channels of communication with diverse communities. Mechanisms for collaboration should be built into the process of formulating strategy and devising policy across all policy areas.

Central government recommendations

To lay the groundwork for this transformation and equip local authorities to deliver on national priorities by providing high quality, sustainable public services and strategic, dynamic placemaking for economic development, a new deal for local government must meet the following requirements:

1 Steady the ship



As an interim measure, central government must **make an immediate cash injection into local authorities for frontline service delivery**, to restore sustainability to core services and halt decline in neighbourhood service provision. The immediate focus of spend could be on the improvement of the built and natural environment to deliver a visible uplift, followed by investment in community services, longer-term housing improvements and preventative measures at the neighbourhood level.

2 Chart a course to sustainability



Looking to the future, there must be an **examination of local government revenue sources**, including fiscal devolution, to chart a course to longer-term sustainability.

3 Fill the capacity gap



To accelerate efforts to fill the local government capacity gap and ensure the workforce is properly equipped to address the service challenges of the future, government must **work with the Local Government Association (LGA) to further develop and scale-up local government employment and training programmes**.

4 Invest in prevention



The new funding settlement must **commit to the value of upstream prevention** and look to move beyond the 'discretionary' categorisation of non-statutory services, recognising the value of these services in reducing frontline demand.

5 Value outcomes



The success of local growth plans **should be evaluated on public service outcomes as well as economic indicators**.

Introduction

As we begin a new political cycle, in the wake of the 2024 general election, public service provision in Britain is at a critical juncture. The socio-economic model which has endured since at least the late 1970s is increasingly found wanting in the face of new developments in the global economy, from increased insecurity brought about by geopolitical conflict to a revolution in artificial intelligence transforming industrial relations. Domestically, our model of public service delivery is running up against capacity constraints brought about by factors including an ageing population, historic undersupply of housing and entrenched inequality. These factors both necessitate and facilitate a transformation in public service delivery. A new government, drawn from a greatly altered Parliament, can harness the energy brought about by change to drive this transformation.

Purpose of this research

In this crucial moment, local government must work with communities and local stakeholders to co-design a new future. The circumstances call for a reform agenda encompassing the positive hopes of devolution and community empowerment without shying away from the sombre realities of limited fiscal headroom and years of sluggish economic growth, even as public trust in politicians and their ability to deliver change is at an historic low. This report draws on extensive research and conversations with local leadership from across the country in an attempt to present some of the key elements of a reform agenda aimed at whole place transformation.

In the world's sixth richest nation by nominal GDP, it is far too often taken as received wisdom that high quality public services are simply beyond our capabilities. While there are undoubtedly challenges at the local level caused by insufficient levels of finance, the inefficiency of funding is also a major driver of decline. For councils, a more productive funding mechanism is equally as important as increased levels of funding when it comes to service transformation. Service transformation involves rethinking how services are designed, implemented, and delivered to residents and communities, with an ideal focus on increasing efficiency, enhancing user satisfaction, and ensuring sustainability. At its core, strategic service transformation is about making public services more accessible, responsive, and tailored to the needs of residents and communities.

Recently, there has been a move to embracing a more holistic view of service delivery, recognising the interconnectedness of various services and stakeholders, and the value of a coordinated approach. A top priority for the new government must be finding ways to create a system which facilitates rather than discourages such an approach. To fully capitalise on this momentum, there must undoubtedly be investment in capacity and reforms to strategic capability. But beyond this, the settlement between central and local government must be reworked into one which encourages a long-term view and has a baked-in appreciation of the value public services play in contributing to overall public health and wellbeing.

The first weeks of the new Labour government have been promising in this regard – with early ministerial statements and commitments pointing towards a reset of the relationship between central and local government¹. The government position on devolution, too, appears to be broader and less prescriptive than in recent history. Yet there remain extremely tough choices to be made on tax and spend in the forthcoming 2024 Autumn Statement and the next spending review, alongside a likely political row over planning and housing targets as the government seeks to fulfil its electoral mandate. These factors make the establishment of a sustainable, long-term settlement which properly resources the local state all the more critical.

Whole place transformation and local government finance

Although local government is responsible for delivering the vast majority of services received by residents, its structure and funding does not reflect this totality. Instead, budgets are segmented and siloed, with responsibilities categorised into ‘core’ and ‘non-core’ in a way which does not align with the interconnected nature of economy, environment and quality of life. Whole place transformation means an agenda for reform which restructures the settlement between central and local government to be more reflective of this reality, allowing councils greater freedom to focus on the totality of their service offer and create long-term strategic visions for the future.

This compelling idea has emerged repeatedly in response to questions about the optimum governance of England’s places – in recent years in the form of agendas like 2009’s ‘Total Place’ under New Labour, and policies such as whole place budgeting under the Coalition government. Structurally, the introduction of Integrated Care Systems in the NHS represents a further step towards realising

1 [Local Government Chronicle \(2024\) – Gould to lead review as McMahon promises to address ‘failure’](#)

a cross-public sector commitment to understanding services in the whole. Yet an agenda for full and far-reaching reform that would empower local government to adopt a strategic view remains elusive, a problem which only increases in urgency as the social care funding gap widens.

The issue of properly funding social care is central to many of the challenges currently facing local government. Neighbourhood and placemaking services which lay the foundations for quality of life across the country are continually sidelined and constrained due to the ever-increasing burden of social care provision. In 2024, the Local Government Association (LGA) calculated that around 61p in every £1 of council spend is on social care provision². Yet were more money and time invested in the 24p currently allocated to place-based services, the social care burden would likely decrease through the preventative value of a better quality of environment and stronger social infrastructure that supported independent living.

This report does not attempt to answer the question of how social care should be funded and what structure the system should take. Many comprehensive reviews having already been commissioned by government and other interested parties on this subject. Major reform must at some point be grappled with, but this is not something local government can wait for. Instead, this report looks at how taking a more holistic view of service provision – focusing on the wider determinants of health and wellbeing through high quality public service provision and strategic placemaking for economic development – can help achieve better value for money across the whole of local government funding. In the absence of social care reform, a whole place, preventative approach can work to reduce the burden on such frontline services through increasing upstream prevention by raising levels of health and happiness in place.

Prevention, placemaking and devolution

Understanding the importance of a holistic, prevention-first approach to public service provision is of paramount importance in the context of the promised multi-year settlement for local authorities³ and the review of the local government funding system. In the short-term, the funding settlement represents a chance to both put local government on a stable footing and to re-centre the importance of general social wellbeing to reducing frontline public service demand. In the long-term, the review into local government's financing is a chance to seriously examine new mechanisms,

2 Local Government Association (2024) – *Save local services: how is £1 of council funding spent?*

3 Local Government Chronicle (2024) – *Labour manifesto: Multi-year funding, business rates reform and £745m for public services*

such as fiscal devolution, which have been kept off the table for too long even as the quality and availability of local public services has continued to decline.

Taking a holistic approach also entails understanding the deep interconnectedness of local economies, environments and public service outcomes. Investing in social wellbeing through a prevention-first approach to service provision is an investment in the local population, which is crucial for the type of locally led, inclusive economic growth which the new government has made its overarching goal. This is why it is so important that the devolution agenda factors in the totality of placemaking and the reciprocal relationship between economies, wellbeing and public services. The English Devolution Bill will have a lot to offer in terms of empowering local leadership if it contains an understanding of this relationship. Like the new funding settlement, the Bill has the opportunity to both immediately correct current imbalances and lay the groundwork for longer-term transformation, through the detail of the requirement for statutory local growth plans and the mechanisms of the new devolution framework.

The turn to collaborative place leadership

While the challenges facing local government are significant, they also represent opportunities for transformation. In devising a long-term settlement for councils and designing a new framework for devolution, central government must pay attention to the potential for digitally led innovation in provision, housing-led economic growth and the re-constituting of council and community relations already being recognised and acted on by councils in England. Top-down policy errors and imposts of previous years are being absorbed as lessons across local government through a deep and widening commitment to community engagement and co-design in service delivery.

Modern local partnerships must be multifaceted and work across public, private and third sectors. Meaningful engagement with residents and community groups is essential, particularly in times of increasing political division and wholesale disenfranchisement. Giving people a real stake in shaping their area, whilst providing a baseline of quality public service, must be seen as a bulwark against disillusionment with the political process as a whole. To this end, the increased role of local communities in local governance since the Localism Act 2011 is another positive legacy of recent years, yet greater attention must be paid to the practicalities and capacity requirements of meaningful co-design. This is a vital piece of the puzzle that is whole place service transformation and must be factored into the agenda from its foundations up.

CHAPTER ONE

Where we are

The environment in which local authorities currently operate is fraught with hazards – beyond the well-known funding gap in delivery there are multiple capacity issues after the hollowing-out of austerity, which play out asymmetrically in a system of devolution which has created major divergences between authorities across the country.

In this environment, councils have been able to deliver using a variety of models of partnership and collaboration, but this does not mean that the sustainability crisis in public service provision can be ignored – a structural renewal is required, in keeping with the dawn of a new political cycle. Working to improve the ability of local authorities to deliver is all the more important when considering the need for local authorities to act as placemakers and drive economic development in a time where growth is paramount to national prosperity.

Summary

THE NATIONAL PICTURE

- After austerity, local government is in a precarious financial position, with its ability to act strategically – as well as its skills base – depleted.
- Adding to the difficulty of the current moment is the demographically driven rise in social care spending at the expense of other public services, which is exacerbated by a funding system that does not properly value proactive, preventative approaches.
- Councils are recognised by central government as a key agent in driving placemaking and economic development, but the uncertainty and short-term nature of funding cycles must be remedied for the successful production of local economic strategies.

THE LOCAL PERSPECTIVE

- Local leaders and council staff adjusted to the austerity measures of the 2010s and managed to maintain service levels in core areas, although often at the expense of discretionary services as budgets tightening necessitated focusing provision on statutory services.
- Despite the ongoing capacity drain, and in the challenging context of an asymmetrical system of devolution, councils have developed increasingly mature cross-sectoral partnerships as a response to financial challenges.

1.1 Financial challenges and their implications

The austerity measures of the 2010s resulted in a sharp decline in central government funding to local authorities, with real terms reductions amounting to 49.1 percent between 2010/11 and 2017/18⁴. This has had multiple impacts on the ability of councils to deliver services and placemaking strategies, perhaps the most severe of which are the depletion of workforce, skills and institutional knowledge, along with an increasing focus on managing frontline services at the expense of long-term investments in upstream prevention. Understanding how financial capacity has been diminished and its effect on the workforce, alongside establishing a logic of cross-public sector prevention-focused policy, will be crucial to laying the groundwork for a whole place transformation.

Funding local government

Up until 2010, the majority of local government funding came from central government, primarily via the revenue support grant, determined by a needs-based formula and calculated as part of the overall funding settlement. However, this element has declined by 31 percent in real terms (not including COVID-19 related support) in the intervening 14 years⁵. The transition from a predominantly centralised grant funding model towards a more locally generated income approach has led to local authorities increasingly seeking to raise revenue through commercial enterprise. Today, the primary sources of funding for day-to-day expenditure, alongside the diminished central grant system, are local taxes, supplemented by income that councils make from commercial activity and investments.

Bid-based capital injections, such as the Levelling Up Fund, embed a competitive element to funding for capital projects such as infrastructure improvements. These are often tied to specific performance metrics or outcomes, such as job creation or improvements in local services. Local authorities must navigate this increasingly complex web of funding sources and streams to ensure financial resilience, placing further strain on workforce capacity and service delivery. The majority of local government spending in 2024 is allocated to the provision of social care services to adults and children, comprising around 61p in every £1 of council expenditure in England. Of the remaining 39p, 15p is spent on place-based services. This leaves just 24p in the pound for an array of place-based services including housing, planning, highways and environmental services.

4 National Audit Office (2018) – [Financial sustainability of local authorities 2018](#)

5 House of Lords Library (2024) – [Local government finances: Impact on communities](#)

Since the 2022 rise in inflation, high rates have offset much of the additional funding provided to councils in their annual finance settlements from central government. Taking inflation into account, core spending power in 2023-24 was estimated to be just under 5 percent higher in real terms than in 2021-22, a decrease from the 9 percent expected at that year's settlement. The 2024 to 2025 provisional local government finance settlement exceeded £64bn, a slightly above-inflation £4bn increase (6.5 percent) from the previous year with a minimum 3 percent increase in core spending power for all councils. Despite this increase, the amount is still considered insufficient by many, with the LGA estimating a funding gap of around £1.6bn⁶.

Local authorities are also facing cost pressures that outpace general inflation. This includes rising costs due to factors such as the National Living Wage increase and escalating expenses in key service areas. These specific cost increases significantly impact council budgets, exacerbating the financial challenges previously described, despite overall increases in funding. As well as using commercial ventures to offset declining revenue funding, it is commonplace for local authorities to dip into financial reserves to mitigate these cost pressures⁷.

The lack of a multi-year funding settlement has posed significant challenges for financial planning and subsequent expenditure decisions. Without a long-term view of available funding, local authorities struggle to effectively plan and budget for future services and projects. Such settlements have made it challenging to plan for and invest in long-term commercial projects or partnerships, as these often require a stable and predictable financial outlook to ensure viability and manage risks. Uncertainty of this kind has acted as a drag on investment and innovation throughout the sector, limiting ability to generate additional revenue through commercial activities.

The commitment from central government to a long-term settlement, first outlined in the Labour manifesto and confirmed as part of the preparation for the next budget and spending review⁸, is therefore extremely welcome. The next, pivotal step is that this settlement is designed in such a way that it maximises value to residents, considers the entirety of council functions and does not embed inefficiencies.

6 The Guardian (2024) – [English councils to get extra £600m funding to ease soaring costs](#)

7 Hilary Coyle and Laurence Ferry (2022) – [Financial resilience! A comparative study of three lower tier authorities in England](#)

8 HM Treasury (2024) – [Fixing the Foundations: public spending audit 2024-25](#)

Furthermore, the settlement must address the increasingly urgent issue of council capacity, particularly at the level of strategic functions, by honestly reckoning with the deficit in workforce and skills.

Workforce and skills

Between 2009 and 2022, propelled by the onset of austerity finances, local authorities underwent a profound reduction in their workforce, with staff headcount falling by more than a third from 2,254,700 to 1,346,400.⁹ This reduction to staffing levels last seen in the early 1960s has significant consequences, permeating all local government functionality, from reducing institutional knowledge and recruitment capabilities to limiting strategic planning of service delivery¹⁰. In terms of recruitment, the appeal of local government as an employer of choice waned substantially during austerity¹¹. Lower wages, reduced benefits, and heightened job insecurity made careers within local government far less attractive than other sectors. These uncompetitive conditions seriously damaged the ability of local authorities to attract and retain talented and skilled individuals¹².

In 2022, 94 percent of councils reported difficulties in recruitment and retention¹³. The two most common issues were maintaining current staffing levels and increasing apprenticeships within the sector. The LGA has been actively involved in addressing workforce skills through various programs and planning strategies. One significant initiative is the LGA Skills Partnership Hub programme for 2023/24, funded by the Ministry for Housing, Communities and Local Government (MHCLG). This programme targets skill shortages in key areas such as legal, environmental health, digital and ICT, finance, and civil engineering. The LGA's approach focuses on collaborative efforts among local authorities and strategic workforce planning to effectively address these skill gaps¹⁴.

The overall skills scenario in the local government sector is complex though. The LGA's Head of Workforce, Naomi Cooke, highlighted the multitude of challenges faced in 2023, including talent shortages, the impact of the cost-of-living crisis, and the need for strategic recruitment and retention practices. From our current

9 Local Government Association (2016) – [ONS Quarterly Public Sector Employment Survey](#)

10 Local Government Association (2023) – [2022 Local government workforce survey](#)

11 Local Government Association (2022) – [Addressing the workforce capacity crisis in local government](#)

12 Trade Union Congress (2023) – [Austerity and the pandemic: How cuts damaged four vital pillars of pandemic resilience](#)

13 LGA (2023) – [Local Government Workforce Survey 2022](#)

14 LGA (2023) – [December 2023: Reviewing 2023 and looking ahead to 2024](#)

start point, a more comprehensively planned and funded national effort is needed to rebuild internal capacity for councils. Such a policy would need to take careful stock of the capacity gaps between types of authorities, particularly as our asymmetric system of devolution continues to drive discrepancy.

1.2 The uneven devolution landscape

Gaps in capacity and powers between local authorities are largely down to the framework of devolution which has become standardised in the past fifteen years, which is at once voluntary and conditional. Devolution, due to the Cities and Local Government Devolution Act 2016, relies upon public agreement. This was formalised more comprehensively by the framework for devolution put forward in the Levelling Up White Paper, which explicitly ties meaningful devolution to the formation of a combined authority and the adoption of a directly elected mayor.

This means that when the people decide that they do not want a mayor, they do not get a mayor, and therefore receive a narrower scope for devolution, with some additional powers and funding for local growth but without the powers for transport, urban regeneration, and flexible investing into economic growth that so-called “Level 3” deals, for places with mayors, engage¹⁵. Cornwall, for instance, exists as a non-mayoral unitary authority with a Level 2 agreement with an emphasis on autonomy concerned with skills, green energy, and culture¹⁶.

Ever since the first agreement was struck between the Government and the Greater Manchester Combined Authority in 2014, a swathe of combined authorities and individual county councils have also become ensconced within the wider structure of English devolution. The construction of devolution deals which have underpinned the process has often been time-consuming and resource intensive, and while the result has been an overall increase in the degree and scale of devolved powers across the country, it has also led to gaps opening up between those places that are able to reach a political settlement and those that are not.

“We need to break the parent-child relationship between central government and places.”

– Roundtable participant

15 Institute for Government (2023) – [English devolution](#)

16 Cornwall Council (2023) – [Devolution to Cornwall](#)

Now that 'trailblazer' deals for a new level of devolution have been introduced for Greater Manchester and the West Midlands, there is the possibility that mayors as accountable local leaders will be able to engage responsibly with single funding settlements to meet the needs of place. This further asymmetry of devolution will be made available for a wider range of authorities and their respective negotiations for autonomy. The North-East, for instance, is due to receive a single pot budget for housing and regeneration, among other powers, in a new level 4 deal¹⁷, highlighting how the negotiations for devolution revolve around the obligations attached to the respective combined authority region.

Trailblazers are very much in their infancy, with some barriers to negotiations becoming clear, particularly in terms of the five "core themes" that atomize the single funding settlement into blocks of service provision, and the fact that the regional approach for growth comes with its own growing pains such as complexities in negotiating for investment zones or negotiating devolution deals against the individual timetables of different public sector bodies. However, the deals represent a significant step forward in accessing 'whole place' budgeting and a move away from the overt centralisation and siloed approaches of community-focused governance as it currently stands.

This progress can be capitalised on in the new wave of deals and arrangements promised in the English Devolution Bill as outlined in the King's Speech 2024¹⁸. The context of multi-year funding settlements for local authorities can further advance the cause of sensible, long-term governance, with the constituent parts of combined authorities better able to take a strategic view. The Bill is also a chance to level out the devolution landscape in England. Despite the ability for devolution to inject resources towards leaders who can in turn direct them to where they are most needed, there remain both local authorities that, for a number of reasons, are to-date uninvolved in the process of devolution, and obstacles facing local government that hinder capacity to engage in transformation and to target those requirements of place that devolution is designed to address.

The opportunity now presents itself for devolution to be explicitly tied into service provision through the combined impact of the English Devolution Bill and the new multi-year settlements for local authorities. In areas of advanced devolution, there is perhaps call to start to more explicitly tie devolution into the delivery of local public services, which are in as much need of attention as the strategic,

17 Mark Sandford (2023) – [Devolution to local government in England](#)

18 [The King's Speech 2024](#)

economically focused aspects of place which the devolution deals to date have focused on. On the other end of the spectrum, in areas previously unengaged with the devolution process whose participation can be facilitated by the new legislation, there is the opportunity to strike new deals which can specifically incentivise innovative delivery of public services which have heretofore been excluded from consideration in devolution deals.

1.3 Assessing local service provision

Ahead of the Autumn Statement in 2022, overall day-to-day public service expenditure had dropped by 16.9 percent since 2009-10 – when adjusted for inflation and population growth¹⁹. This statement made a further commitment to future cuts to public service budgets in response to a recent slowdown in the economy, promising a return to reductions not seen since the two percent annual reductions in public spending of 2010-15²⁰. Since then, more tax cuts – announced under the Conservatives but committed to by Labour during the general election campaign – have suggested further planned reductions for public services. These fiscal restrictions have resulted in compounding pressures on public services, reducing both the quality and quantity of provision across the public sector. For local government, real terms government-funded spending power fell by half within a decade from 2010, and while some of the slack has been picked up by increased income from other sources, spending on services by local authorities fell by 10.4 percent from 2010-11 to 2019-20²¹.

With pressure mounting to increase spend to try meet the inexorable upward demands on statutory adult social care and children’s services, other services such as cultural, planning, housing, and environmental services have seen spending reductions as high as 37 percent. While, in some cases, efficiencies have resulted in little change to public satisfaction in services, other areas such as bus routes, libraries, and spending on preventative services have suffered real deterioration. From 2012 to 2023 overall public satisfaction with councils fell by 11 percent²², and resident satisfaction in local councils fell to its lowest on record at only 53 percent positive as of March 2024²³. Continued good performance despite straitened resources and upward demand pressures has resulted in

19 New Economics Foundation (2023) – [Austerity by Stealth: The effects of inflation on public spending](#)

20 Institute for Government (2022) – [‘Austerity’ in public services: lessons from the 2010s](#)

21 Emily Haves (2024) – [Local government finances: Impact on communities](#)

22 Institute for Government (2023) – [Performance Tracker 2023: Neighbourhood services](#)

23 Local Government Association (2024) – [Polling on resident satisfaction with councils: Round 37](#)

increasingly constrained finances and, consequently, an ever-nearer breaking point for many. This has been witnessed in the spate of councils issuing Section 114 notices, a decision not to be taken lightly, which results in no new spending other than statutory services from the issuing council.

Council duties are split between 'core', or statutory, and 'non-core' services, where core services are enforced by legislation and must be enacted at all costs: these include, depending on the tier of authority, transport, planning, waste management, care of public green spaces, and drainage. Discretionary services, on the other hand, range from leisure services to providing community centres and libraries. As long-term strategic priorities become diminished in deference to the immediate needs of statutory service provision, the ability for councils to attend to the 'wants' rather than 'needs' of their residents becomes similarly diminished.

Arguably, however, those 'wants' are what places require to provide the best standard of living for residents. Non-statutory services for councils include economic development, which itself requires good resourcing and skilled staff, without which places struggle to tackle high levels of deprivation. While tackling deprivation was one of the key facets of the Levelling Up agenda, the realities of a government policy that shifts the attention to competitive bidding or 'tournament financing' has resulted in little actual revenue funding uplift to necessary day-to-day core responsibilities, while providing only piecemeal grant-based bidding-pot funding for capital projects. As a result, councils are devoting resources to emergency sticking-plaster solutions without the wherewithal to engage in any longer-term strategy to produce more efficient services and engage in sustainable placemaking.

While funding is vital, it is the transformation of delivery through the rewiring of finance mechanisms and changing the culture of the service delivery system that should be the longer-term goal. The foundations of such a transformation have been laid through the turn to more sub-regional collaboration across the public sector embodied in the combined authorities and Integrated Care Systems brought in over the past decade. Expanding and building upon collaborative leadership by local authorities will be crucial to moving from where we are now to a more holistic system of public service delivery.

“If we had more power, we would invest in people and places with higher levels of deprivations.”

– Roundtable participant

1.4 Partnership working – private, public and community collaboration

Collaborative leadership in local government focuses on partnerships across boundaries, departments, and sectors to tackle community-defined issues and achieve shared goals. In these times of fiscal constraint, partnership working has become a central part of how a council functions. Evolving from simple bilateral relationships to complex, multi-stakeholder collaborations, the approach has been used to address a wide range of challenges such as economic development, crime reduction, public health measures, and emergency management – and is often fundamental to strategies of stewardship and placemaking.

The devolution agenda in England has seen greater powers transferred to local and regional authorities, strengthening their soft power, promoting more localised and collaborative governance, and attempting to drive service delivery models that effectively utilise partnerships across various sectors, emphasising cooperation over the isolated efforts of individual service departments. In the late 2010s and into the 2020s so far, there has been a substantial push towards integrating services across the public sector, particularly evident in health and social care. The development of Integrated Care Systems (ICSs) is a prime example of this dynamic, bringing together healthcare providers, local authorities, and other stakeholders for more effective planning and delivery of health and care services.

Private sector collaboration is also a defining characteristic of where local government is in Britain today. Although place leaders are undoubtedly central to placemaking, part of their influence as conveners is linked with their capacity for engagement with the private sector, via joint ventures through contractual public-private partnerships (PPPs) for the provision of public services, infrastructure construction, and continued management of local assets. The foundation of these partnerships is in the risk sharing between organisations, with substantial public sector funding offsetting the uncertainty of long-term structures for return on investment, while private sector organisations can bring levels of expertise potentially unavailable to local authorities relying on in-house skills. Ultimately, the public sector body can provide leadership, local knowledge and local relationships, while the private sector takes on the implementation and maintenance of the programme.

Alongside public and private collaboration, community roles in local government decision-making have evolved to become integral and multifaceted²⁴. Emphasising

the principles of co-production and co-design, local authorities increasingly collaborate with the third sector, recognising the need for community investment and involvement. Central to this paradigm shift is the building of trust, both in individual interactions and systematically, to foster genuine engagement. Engaging communities in public participation is important yet complex, requiring strong leadership and committed individuals to manage the labour-intensive process effectively. Governance practices have shifted towards proactive models, focusing on transparent decision-making and robust communication channels, thereby nurturing a sense of community connection through dependable and ideally co-produced neighbourhood services. Effective consultation and engagement with residents are pivotal, aiming to create an emotional bond between local authorities and communities, thus enabling a holistic approach to complex issues.

The modern paradigm of public-private partnerships in local governance reflects a broader shift to collaboration which is vertical as well as horizontal: communities are increasingly seen not as passive service consumers but as active contributors in the design and delivery of public services. This transition underscores the growing recognition of the value of public input in enhancing neighbourhood-level services. Concurrently, there's a pressing need for cultural change in leadership and management, prioritising inclusive and relational values to foster a communal ethos in service delivery. This approach necessitates involvement across all levels of governance, emphasising the importance of senior leadership in cultivating values and practices conducive to enhanced community engagement and effective service delivery.

1.5 The council role in placemaking and development

Understanding the current position of local government requires grasping the tension that exists between their statutory role as deliverers of public services and their vital, but non-statutory, role as stewards of place. As anchor institutions that hold local land and assets, engage in local supply chains, and contribute significantly to the local job market, local authorities inhabit a unique space of real influence over economic growth. As such, councils follow commitments for residents to use their local convening power to engage with communities and businesses, support local supply chains, and uphold local skills improvement. Councils can think strategically to attract investment and businesses into their localities, providing the infrastructure necessary to build flourishing hubs for growth and ecosystems for innovation²⁵, while ensuring that the benefits of

25 Travers (2012) – Local government's role in promoting economic growth: removing unnecessary barriers to success

investment are retained. Particularly in the current fiscal and economic context, such activity is crucial – both to raise local and national prosperity and underwrite the cost of improving services.

And yet, despite the real power of local authorities to leverage local economic development, growth remains a non-statutory responsibility, and as such is removed from the inventory of core funding from which other duties such as social care and environment service draw. Consequently, when fiscally constrained decision-makers are forced to choose between abiding by their statutory responsibilities or engaging with non-core services, the latter will inevitably take the hit²⁶. As such, economic growth, which itself requires a long-term approach to funding and stability for strategy, is disregarded – and this, as a result, leaves councils with greater issues further down the line as growth stagnates and local deprivation, infrastructure, and their own institutional capacities worsen exponentially. With the functions of Local Enterprise Partnerships becoming integrated within the responsibilities of local authorities, the argument for either greater policy and financial support for non-core services, and specifically economic growth, or economic growth transferring into the non-discretionary powers of local authorities²⁷, becomes ever clearer, as the framework for local growth pivots tighter around a local authority centre.

The introduction of statutory local growth plans is a promising step in the direction of empowering local government to achieve their full potential as place leaders in economic development. These plans should recognise the role of local leadership and the need for cross-sectoral partnership working, in a way which can build on the work done on local industrial strategies by the Local Enterprise Partnerships of previous policy regimes, which have now been integrated into councils as business boards²⁸. This is not, however, the first time in recent years that the role of councils in boosting growth has been ostensibly recognised.

The Levelling Up White Paper took pains to emphasise the role of local leadership in strengthening local economic development. However, for most councils, genuine support for place leadership was eschewed for the pot-bidding funding instrument in the actual implementation of Levelling Up policy. This left many council chiefs sceptical of the ability of levelling up as a policy agenda to deliver its stated

26 Institute of Economic Development (2023) – [Grow Local, Grow National](#)

27 Institute of Economic Development (2023) – [Grow Local, Grow National](#)

28 DLUHC/BEIS (2022) – [Integrating Local Enterprise Partnerships into local democratic institutions](#)

outcomes – a sentiment backed up by the NAO’s study into fund allocation which found projects were behind where DLUHC had forecast and an unlikelihood that local authorities will be able to complete projects by the original deadlines²⁹.

A test for the new government is whether funds for economic development can be put out effectively and efficiently within realistic timeframes – this must be considered in both the formulation and evaluation of local growth plans.

One aspect of the previous regime likely to be intensified in this new political cycle is a focus on the role of pension funds – something which was presented as a potential levelling up mechanism in 2023³⁰, particularly as local government pension schemes have more freedom to focus on long-term yield when compared to the restrictions placed on local government borrowing. However, there may be an obstacle in terms of central-peripheral relations between the Treasury and councils when implementing pension funds as a policy vehicle. As Chancellor, Rachel Reeves has doubled down on the need for local government pension funds to direct their investments in a way which is beneficial to local growth³¹.

Because local government employees have a higher stake in the use of their own pension funds, co-operation is required at the highest level from participants in deciding where best to invest their assets, highlighting the need for greater engagement between the centre and place officers. There may be room for a longer-term, more patient pension fund blended with short-term, higher-risk investments from other sources – but this will require the public sector working together to target preventative investments and pooling resources to scale projects and improve capacity across the sector. Once again, it becomes clear that to achieve reductions in regional inequality, central government must let go of some control and allow local areas to formulate and implement long-term vision.

Councils require long-term funding in order to structure their resources towards the requirements of place investment and programmes for growth³². The consequence of austerity has been a major contraction in the capacity for local authorities to engage in non-core service areas, particularly as inflation and demographic pressures squeeze budgets towards an overwhelming obligation to

29 National Audit Office (2023) – [Levelling up funding to local government](#)

30 DLUHC (2023) – [Local Government Pension Scheme \(England and Wales\): Next steps on investments](#)

31 Financial Times (2024) – [Rachel Reeves tells town halls to use their pension funds to fuel growth](#)

32 LGA (2021) – [Roundtable: How can councils deliver inclusive growth?](#)

social care. With little capacity for discretionary spend and with minimised staff and resourcing for strategic responses to place needs, exacerbated by the short-termism of one-year funding settlements, local economic development will stagnate and future costs will rise.

The problem looks set to worsen as the reduction in grant funding heightens council needs for more local revenue, which will in turn suffer without an engaged programme of economic development. In the context of what the government is terming the worst economic inheritance since the Second World War³³, the need for a reframing of the issue only heightens. In the context of a national push for economic growth spearheaded at the local level through statutory mechanisms, local government finance must be considered as an investment in growth, not just as a cost on the balance sheet. Local government has a crucial role in providing the conditions for and stewardship of economic growth, but this has historically been undervalued in councils' statutory delivery responsibilities and too subject to national policy fluctuations. The chance for a comprehensive reset must not be missed.

33 BBC (2024) – [Rachel Reeves: Is this the worst economic inheritance since WW2?](#)

CHAPTER TWO

How we got here

The historical context for a whole place service transformation is one of significant place-based challenges that, while ultimately creating an urgent need for reform, have also produced the seeds for understanding how that reform might take shape. The unsustainable financial situation among local authorities is in need of serious and sustained attention from government after years of short-termism.

Yet the commitment of councils to continue to engage in placemaking whilst delivering services under pressure has given rise to new, more mature forms of partnership working and collaborative leadership. In a challenging financial situation, effective collaborative leadership has become crucial for inspiring and motivating stakeholders towards better service delivery and strategic goals.

Summary

THE NATIONAL PICTURE

- A whole place approach to local government financing has been mooted in several forms in recent decades, with the most recent manifestation being at the subregional level in the form of 'trailblazer' funding settlements for combined authorities.
- This modest progress has been set against increasingly short-term funding cycles which have driven a reactive approach to service provision which makes planning for whole place transformation and developing preventative services difficult.
- Throughout this period, the local role in placemaking and supporting local economies has been repeatedly reorganised and restructured through central government policy changes, creating further challenges for local leadership in implementing strategies.

THE LOCAL PERSPECTIVE

- At the local level, there is a frustration with the repeated changing of policy regimes and withdrawal of trial structures and ways of working before lessons have been properly absorbed.
- A more consistent thread throughout this period has been the development of locally devised public-private partnerships as vehicles for delivering public services and placemaking strategies, which have become embedded as a way of working through many evolutions in model.

2.1 Staggering steps to whole place transformation

As a method for engaging efficiencies in public service on a sub-regional basis, “Total Place” and its equivalents have been a consistent item on the agenda since its establishment in the final months of the New Labour government in 2009. The initial concept of Total Place stemmed from the idea that resident outcomes can be improved by a place-centric approach to service delivery³⁴, with the idea that delivery could be better supported for residents under the umbrella of sub-regional partnerships between local partners. A number of pilots were rolled out to explore the benefits of a ‘single offer’ enhanced by greater financial power and autonomy. Although these pilots saw a measure of success, Total Place was a short-lived phenomenon and saw its end with the defeat of Labour in the 2010 general election.

However, the logic of whole-place budgeting has had significant sticking-power across subsequent governments. The then-Secretary of State for Communities and Local Government, Eric Pickles, announced a pilot scheme for Whole Place Community Budgets in late 2011³⁵, with the intention of exploring the worth of pooling existing public service budgets in a single pot budget across, more integrated, local public service providers with an eventual greater emphasis on a specific outcomes-led rather than budgetary alignment. However, the pilot programme was never implemented full-scale.

City Deals were also introduced in the early 2010s and, unlike other initiatives, have been adopted for posterity, seen multiple rollouts, and been imitated by the subsequent iteration of devolution deals introduced by the Levelling Up legislation. Supported by Local Enterprise Partnerships, City Deals saw negotiations for primarily capital funding to draw investment into cities to facilitate economic growth³⁶. What the new concept of devolution, although continuing to engage with the idea that funding should be matched by support for integration across place and more autonomy for place leaders, could learn from Total Place, is that the evidence exists that pooling funds between service providers can provide better value for money for residents.

Integration across place has been at the root of effective service provision since at least the introduction of Local Strategic Partnerships (LSPs) in 2000. LSPs saw local

34 HM Treasury & Department for Communities and Local Government (2010) – [Total place: a whole area approach to public services](#)

35 Centre for Cities (2012) – [Whole-place Community Budgets: devolution, revolution?](#)

36 LGA (2023) – [Learning from 20 years of place pilots](#)

authorities leading a coalition of representatives from across local organisations, including from the private and third sectors, and following a set of national indicators to identify and address the needs of local communities through a mechanism of joined-up delivery with a specifically long-term strategic perspective for communities. LSPs were a non-statutory initiative introduced to represent a movement away from the centralisation of central government decision-making and allow local leaders to work together within local authority boundaries. LSPs have continued in some councils to the present day as a medium for sharing cross-cutting concerns and strategic solutions for residents between partners.

In the year following the establishment of LSPs, the Audit Commission established the Comprehensive Performance Assessment (CPA) as a requirement for every council to assess performance across a number of service areas from environment to finance to education. In 2009, the Comprehensive Area Assessment (CAA) was introduced to replace the CPA and enhance accountability and value for money in local services by measuring quality of life for residents against a set of national priorities for progress and a new emphasis on integrated service provision. The CAA represented a method for identifying targets and evaluating the success of cross-local public sector organisation in tackling local challenges. The requirement was summarily scrapped by the coalition government in 2010 to save public money in line with austerity measures³⁷. What both LSPs and CAAs represent is the acknowledgement that local needs are best met by local leaders when they have the flexibility to pool resources and learnings between organisations, as Total Place capitalised upon.

Since the dissolution of the CAA, capacity to measure the benefit of integrated working in public service provision and the utilisation of integrated strategies for place have been primarily exemplified by a series of measures in health and social care integration, culminating in the creation of Integrated Care Systems (ICSs) and related Integrated Care Boards (ICBs). Originally voluntary partnerships, ICSs were established as legal entities in 2022 as a forum for engagement between local authorities, the NHS, and a broad sweep of other local partners depending on the needs of the area. The introduction of ICSs in the public health and wellbeing policy space is another example of policymakers and practitioners seeing the need for partnership working in order to tackle inequalities of place, prove the value of place-based budgeting in meeting the responsibilities on a pan-public sector basis to respond to variation in local need – rather than a centralised one-size-fits-all approach to healthcare.

37 Ministry of Housing, Communities & Local Government (2010) – Pickles strips away pointless town hall red tape targets

The return to Total Place at the regional level is perhaps best exemplified by the trailblazer deals initiated by the Levelling Up agenda for devolution, which represent the transfer of additional powers to selected mayoral

authorities in service areas including transport, housing, regeneration, and skills provision. Significantly, these deals are being matched by a new single funding settlement for the mayoral authorities, ostensibly providing much greater flexibility to engage with issues of place on a regional basis with the strong convening power of mayors to support genuine value for money and real benefit for residents by engaging with actors across public, private, and third sectors across combined authority parameters. A major advantage of this arrangement is the ability for those areas with deals to be able to move past the increasing fiscal short-termism of recent years and take a more strategic approach.

The introduction of a multi-year financial settlement for local authorities and the commitment of the English Devolution Bill, as outlined in the King's Speech, to shift the onus for devolution deals away from councils having to hit government requirements and towards government having to justify when devolution is not appropriate represent a chance to move closer towards the vision of Total Place. The absorption of Local Enterprise Partnerships (LEPs) – boards made up of key local private and public stakeholders established under the coalition government – into local authorities as business boards further increases the comprehensiveness of councils as place leaders. Although the governance system of English local authorities is vastly different to its 2009 form, the arrangement in 2024 is perhaps more conducive to a whole place approach.

The challenge will be to combat the rising short-termism which has resulted from increasingly restricted budgets and reduced capacity, and create a model that can be allowed to bed in across the sector. Across the various initiatives outlined above, local leadership has consistently engaged with trials, pilot programmes, changing partnership models and new regional and sub-regional configurations. Yet time and again, the agenda changed and the policy framework shifted before lessons were properly absorbed at both local and central level. As we move forward into a new era of governance – with the promise of a new wave of devolution and long-term, consolidated funding – perhaps the most important lesson of all to learn from the past few decades is that the work of devising and embedding new models of governance takes time and patience at all levels of government.

“We know what is needed, we need to get on and deliver.”

– Roundtable participant

2.2 Rising short-termism

Part of the logic which has motivated repeated calls for whole place service transformation is the enduring appeal of achieving a cross-public sector framework for early intervention and upstream prevention. A holistic view of place reveals a complex system of interdependencies between the functions of local government and other local stakeholders. Upstream prevention means identifying the most effective interventions to improve the lives of residents and achieve efficiencies across the local state. In the current context, councils' power to engage in this activity is greatly limited by fiscal and structural factors. Each element of improvement in upstream prevention comes at the expense and in the face of an endemic central government culture of short-termism. For place-leaders there is no guarantee of support for strategic action, particularly given that in recent years local government borrowing for significant investments has become increasingly restricted³⁸.

Finding the root of any concern at the heart of place requires excavating an inherently intertwined system of causes across any number of cross-departmental issues, from planning and housing to social care to environmental health and waste management. External pressures on local authorities, namely the tight and fragmented funding mechanisms characterised primarily by grants from central government and the capricious policy context that proliferates uncertainty amongst both place leaders and private sector investors, threaten to exacerbate weaknesses in the system of place and to engender crisis at the local level. Consequently, local authorities must target the most effective points of reciprocity between the interdependencies of local government functions in order to engage in a proactive and efficient approach to delivering sustainable services at low cost and continue to make their place resilient in the long term. This proactivity is labelled upstream prevention, damming the flow of crisis at the root of the problem before it can cause a downward flood in local government financial health.

There are, however, a number of issues that hinder the uptake of reforming council finances towards a prevention-based approach. Namely, that prevention takes time to manifest, is less tangible and therefore harder to measure than downstream sticking-plaster solutions, and also very difficult to balance against the emergency funding requirements of downstream services. The strict obligation upon local government to devote funding on statutory services – with the majority of spend

38 Local Government Association (2020) – Local Authorities (Borrowing and Investment) Bill, House of Commons, 23 October 2020

by necessity being funnelled towards adult social care and children's services – means that discretionary services often fall to the wayside in terms of local prioritisation. When budgets collapse, preventative services in healthcare are often the first to be set aside in favour of papering over the immediate cracks in the looming wall of statutory responsibilities, despite the fact that, down the road, the loss of these services will only compound greater pressures on the finances, resources, and staff of both local government and the NHS.

These issues have culminated in a drastic reduction in general strategic capacity amongst local authorities, disproportionately affecting smaller unitary, borough or district authorities. With fewer staff and diminished resources, local authorities have been compelled to focus predominantly on immediate concerns and statutory services, the most prominent being social care. This swing in focus meant that less attention, and, therefore, fewer resources were given to long-term strategic planning and targeted investment in non-essential but ultimately crucial areas such as community development and infrastructure improvements. The strategic narrowing of financial attention to an increasingly strained capital-revenue split bedded-in with issues of brain drain, retention, and recruitment, has left local authorities less equipped to engage in innovative or comprehensive strategies. In sum, this has constrained their ability to respond effectively to the complex challenges and evolving needs of their residents and communities. This fiscal short-termism is mirrored in the perpetual reform of local government's role in placemaking and economic development, which further adds to the environment of uncertainty and complicates strategic planning.

2.3 Fluctuating placemaking policy

Part and parcel with the short-termism in financing public services comes a central government approach to the local role in placemaking and economic development which has all too often been subject to sudden changes and sweeping reforms, with the important context that local economic development itself is not deemed a core service as it is not a statutory duty. Since 2010, councils have had to keep pace with a number of changes to growth-centred policy and central funding mechanisms. Public spending cuts, changes to borrowing for capital projects, and shifting rhetoric from the centre have urged local authorities into a space where local investment relies upon the success of commercial enterprise from councils.

The Localism Act of 2011, reforms to local authority business rates retention, and a progressively reduced quantum of grant funding reliant on a bidding-pot process have fundamentally changed the ways that local authorities interact with the economics of place and the points of access that they have in capital investment

for place and supporting their revenue income streams. Changes to freedoms in local taxation have only accounted for a minimum in countering the deficit in revenue budgets, and the sale of assets to unlock major capital investment are significant, one-off commitments unpopular from the perspective of long-term development in place.

In terms of the institutional architecture that connects local placemaking with national economic objectives, the situation has been equally uncertain in the past two decades. Just prior to the turn of the millennium and its symbolic era of change, New Labour introduced Regional Development Agencies (RDAs)

across England. RDAs emerged in pursuit of targets to reduce regional disparities through economic growth, with the largest proportion of more than £15 billion in funding, granted from a flexible 'single-pot' budget collated from six Government departments, spent on place and regeneration activities³⁹. The RDAs tracked Regional Economic Strategies, which provided targets for the measurement of progress towards five statutory purposes – economic development and regeneration; business efficiency, investment and competitiveness; employment; development and application of skills relevant to employment; and sustainable development⁴⁰. After their abolition under the coalition government, the RDA structure was replaced by the far less well-funded but more localised LEPs, which were charged with the production of Local Industrial Strategies under the Theresa May-led government following the 2017 election.

Regional inequality as a political issue saw a significant resurgence since 2019, when Boris Johnston introduced the concept of levelling up, addressing an audience of “forgotten people” in peripheral regions⁴¹. The Levelling Up White Paper established 12 missions for the medium-term to guide policy towards better regional equality. Again, unlike where RDAs themselves were able to set locally informed Regional Economic Strategies for evaluation, these 12 metrics were nationally set, orienting Levelling Up as the responsibility of Whitehall rather than a combined effort of regional bodies working in synergy across the country.

“We know our places better than anyone; we can invest in a more intelligent way.”

– Roundtable participant

39 Centre for Cities (2009) – [Regional Development Agencies: The facts](#)

40 Department for Business Innovation & Skills (2012) – [Closing the RDAs: Lessons from the RDA Transition and Closure Programme](#)

41 Prime Minister’s Office (2019) – [Boris Johnston’s first speech as Prime Minister: 24 July 2019](#)

The new Labour government has greatly increased the centrality of ‘missions’ to its policy programme, promising mission-led policy across all departments and agencies, in line with the five missions for government laid out by the Labour Party in its preparation for the 2024 general election. This is in contrast to the more explicitly Whitehall-led framing of the Levelling Up Missions. While the five missions do not speak directly to placemaking policy, the public spending audit produced by the Treasury in the aftermath of the general election spoke of ‘mission-led public services’, where there is a clear role for place⁴².

Furthermore, the overall targeting of economic growth has major implications for the next iteration of placemaking policy. That growth would be greatly aided by the reducing of economic disparities between cities and regions is well understood and has been cited by the Labour Party as an impetus for policy⁴³. The real test for the new government’s approach to overcoming regional disparities and thereby boosting economic growth, however, is whether it can overcome the historic unwillingness to trust local leadership to efficiently use resources and meet targets for regional improvement. Despite the continuing rollout of devolution deals, this mistrust continually stymies the actual capacity for local government to execute progress in economic growth, no matter the outcomes of individual negotiations for place power.

This mistrust is three-pronged. For one, the numerous policy fluctuations have left local authorities scrambling to catch up to increasingly extraneous metrics of effectiveness – most recently, through the requirement of productivity plans at the tail-end of the last government. Secondly, the framework of funding from central government, which contributes a falling but significant portion of financial support for local authorities, particularly in terms of ring-fenced service funding and capital investment, has twisted local authorities into an increasingly precarious position, with their resources thrown into unlocking funds rather than spending effectively. And third, the distrust towards local government, in the shadow of several high-profile failures, has led to an increasing central oversight working over authorities rather than with them and the tightening of regulatory bands, preventing effective strategic planning for place.

42 HM Treasury (2024) – [Fixing the Foundations: public spending audit 2024-25](#)

43 Labour Party (2024) – [Power and Partnership: Labour’s Plan to Power Up Britain](#)

2.4 Developing public-private partnerships

Increasingly short-term funding cycles and fluctuating policy over local placemaking and economic development does not just frustrate local strategic thinking, however, it also bakes uncertainty into partnership working. In spite of this, public-private partnerships remain a crucial element of local delivery and the history of their maturation is an important part of understanding how we got to where are today. The evolution of collaborative approaches in local government and public service delivery has been a gradual and adaptive process over the past few decades. In the 1980s and 1990s, initial forays into collaborative efforts emerged, predominantly as a response to complex social issues that required a multi-agency approach. These early collaborations were foundational, setting the stage for more structured cooperative efforts in public service delivery.

The financial austerity measures following the 2008 financial crisis served as a catalyst for even greater collaborative efforts in the 2010s, albeit under duress. With tightened budgets, local authorities were compelled to seek more efficient service delivery methods. This economic pressure led to an increased pooling of resources and expertise among many local stakeholders, whether public, private, or third sector, demonstrating that collaboration can be a practical and viable response to financial constraints and reduced budgets while maintaining adequate-enough service levels.

Notably, the instrument of the public-private partnership (PPP) has become a popular platform from which public sector projects can balance the needs of private partners for limited-risk investment with an agreement, whether that be contractual or institutional, wherein the private sector delivers the services and facilities for an expanded public infrastructure.

The first Private Finance Initiative came into being in 1992 as a Conservative programme to inject much-needed development into public infrastructure, appointing private sector bodies to finance, design, build, and operate public sector projects. After embracing the PFI model, the New Labour government then modelled a new programme of Public Private Partnerships (PPPs) for private sector collaboration, tweaking the structure of project financing to introduce greater flexibility for partners, as opposed to PFIs, where the private sector took on all responsibility for raising the capital for projects upfront, to be paid back over time by the public sector. The legacy of PFIs has swamped PPPs with a long-lived public mistrust, driven by the high cost to taxpayers associated with PFIs due to the repayment of debts with high interest rates to private companies over the long term, alongside high maintenance costs. However, they also represent lessons

learned for future contracts between the public and private sectors.

In the years since their introduction to the wider public sphere, PPPs have become commonplace as a means for an increasingly cash-strapped public sector to engage in development – particularly at the local level. PPPs have been used to meet housebuilding requirements, decarbonise the built environment and the energy sector, help to renew town centres, and to support local growth. PPPs are an ideal vehicle for these projects, as they can introduce a long-term, strategic outlook to the public sphere guided by the sharing of priorities between partners. Public funding can stimulate an otherwise hesitant private sector to sponsor public goods under the assumption of shared returns, and in exchange the private sector organisations often introduce an element of innovation to existing public sector dilemmas alongside a more developed skills base to counteract the resource and capacity gap prevalent among local authorities, who also retain a supervisory and governance role over the direction and outcomes of the project.

This history has led to an understanding in local government of PPPs requiring strong place leadership, flexibility for partners, and a shared, coherent vision for place. Successful partnerships, particularly those in connection to ambitious public infrastructure projects that require ongoing maintenance, rely on good communication and clarity from the point of their inception in terms of expectations management, ensuring that all partners understand their enduring responsibilities and stakes in the project from the outset, including ownership of assets. Successful PPPs are initiated, delivered, and continually managed under the assumption of value return for public benefit, whether social, environmental, or financial. As such, they have become systemically embedded as an efficient method for the realisation of social benefits and can counteract – primarily financial – issues in service provision for local authorities, enabling them to receive best value for residents despite budgetary obstacles.

CHAPTER THREE

How we move forward

At this crucial moment, with a new government taking office amid a major change in the composition of Parliament, there is an opportunity to take transformative steps and shore up service delivery, in a way that has real impacts on the lives of residents across the country.

This section presents the results of our research into the best practices of local authorities, as well as the priorities and concerns of local authority leadership. It attempts to lay out some key elements for consideration in a reform agenda aimed at efficient, optimised, whole place service delivery. Taken as a whole, they represent some of the most prominent and pertinent considerations for devising a new ethos for local delivery, based on the experiences of recent history.

Summary

THE NATIONAL PICTURE

- The well-rehearsed problems in the funding and delivery of public services in the UK can be viewed as part of a wider failure to invest in the future, with poor outcomes stored up through short-termism.
- As part of a wider push for the UK state to invest more, the funding architecture for local government must take into account the potential of a whole place approach to service provision which properly prices in the value of prevention.
- Beyond the need for a change in approach to financing public services, circumstances necessitate a rethinking of provision and the development of more robust and holistic frameworks for cross-sectoral collaboration.

THE LOCAL PERSPECTIVE

- To drive innovation locally, the partnership working which local government has refined over the past few decades must be accelerated and deepened, using the existing institutional framework to draw in the whole potential of local public sector and private partners to deliver services more holistically and efficiently.
- In doing so, a culture and practice of local community participation must be embedded from the start, with councils taking the lead on developing mature and consistent mechanisms for resident input into service design and delivery.

3.1 Embedding a preventative approach

In recent years, there has been an increasing focus on state investment in the policy discourse – investment in infrastructure and investment in public services – led by the Resolution Foundation and crystallised in its Economy 2030 programme⁴⁴. The crux of the arguments is that Britain has lagged behind comparator nations for decades in terms of state investment in its infrastructure and that, consequently, private investment from businesses and capital markets has also fallen short of need⁴⁵. This dovetails with critiques of an overly reactive approach to public services, where investment in upstream prevention is cut under the auspices of saving money but with the ultimate result of increasing expenditure on frontline services.

Prevention as investment

At the local level, these calls for greater long-term investment and less focus on short-term cycles are well understood, with councils having routinely worked with truncated fiscal settlements in an environment of high uncertainty over future packages. Much of local government expenditure goes directly towards revenue spend in order to maintain the delivery of statutory duties for residents. Investment, rather than spend, implies the strategic use of resources now in order to build wealth by reducing these front-line costs.

For local authorities, future wealth is not a purely financial concept, but is instead split between social value, environmental benefits, and institutional resilience to potential shocks and stresses. However, the sheer quantum of funding being funnelled into immediate spend rather than investing in place resilience through upstream prevention, with only some piecemeal funding from central government directed towards capital, means that local authorities are becoming increasingly revenue constrained with the passing of time. Meanwhile, the ‘big nasties’ of the public sector – crumbling school buildings and hospitals built with RAAC, to name but two⁴⁶ – remain a constant, looming pressure for the decision-makers in charge of diverting capital investment towards where it is most needed.

Even in an unfavourable environment, place leaders have been able to deliver innovative projects to attract investment into prevention, whether by identifying targets for intervention or by proposing new structures for moving resources

44 Resolution Foundation (2023) – [Ending stagnation: A new economic strategy for Britain](#)

45 Economics Observatory (2024) – [Boosting Productivity: Why doesn't the UK invest enough?](#)

46 Financial Times (2024) – [Waste, mismanagement and 'big nasties' blight UK public spending](#)

away from short-term output-focused spending, to long-term, outcome-focused intervention. The improvement in predictive data and analytics capacity among some local authorities has helped to target preventative services for residents, albeit there remains room for enhancing the delivery of intervention in terms of ethically engaging with data collection and building and maintaining trust between residents and councils who are engaging with innovative practices.

Valuing prevention

The new Labour government have promised to deliver a spending review which prioritises investing in prevention⁴⁷ – empowering local leadership is the other side to this coin. In order to fully utilise and fully engage in integrated preventative measures, organisations at the local level require stability in policy and in mechanisms of funding, and it may be that the coming political cycle will enable an extended period of stability within which organisations can join-up service provision and take a long-term, strategic approach to combatting local issues.

One significant obstacle lies between local government and the capacity to generate suitable investment for prevention, and that is that the financial benefits of preventative measures are difficult to pin down without a projected counterfactual of the potential for loss if the measures were not taken. A lack

of data outlining public sector spend on prevention and poor understanding of what constitutes preventative action among local authorities can only further widen this gap in capacity⁴⁸. However, some methods stand out as exemplary in the potential for local government actors and other place leaders to target the most pressing issues that might be alleviated with proportionate upstream prevention, provided they receive the appropriate resources to engage in early intervention.

The Research Team at Greater Manchester, for instance, has developed a cost-benefit analysis (CBA) methodology that acts concurrently with the advice of the Treasury's Green Book in order to explore the value for money generated by public sector activities, including metrics to evaluate both the financial case and the wider public value of the intervention, providing an analysis of the return on investment (ROI) that extends beyond the financial and into the wider benefit of

“It’s all about having a confident vision of local government going forwards.”

– Roundtable participant

47 HM Treasury (2024) – [Fixing the Foundations: public spending audit 2024-25](#)

48 CIPFA (2019) – [Exploring preventative investment in local government](#)

public sector place shaping for residents⁴⁹. The CBA has become popular across the country, in particular for the delivery of preventative interventions in all kinds of services, from health to skills to the criminal justice system. By placing a value onto the outcomes of interventions, the CBA establishes a precedent for calculating the value of prevention.

Likewise, the District Councils' Network has been able to demonstrate the 'power of prevention' through the successful use of Discretionary Housing Payments in supporting residents at risk of homelessness⁵⁰. In Maidstone, for example, of 260 households that received proactive financial support after being identified by predictive data and analytics, only 0.4 percent – or one household – later presented as homeless. This, compared to the 40 percent of households where early intervention was not made, proves the real benefit of proactive support in terms of reducing strain on council resources, both through reducing demand for temporary accommodation and freeing up officer time in data collection to be spent working face-to-face with residents.

Integrated Care Systems (ICSs) aim to provide a joined-up approach to healthcare service delivery. However, the work of ICSs since their establishment in 2022 prove the absolute prerogative of engaging joined-up services with a place-based focus. Because ICSs, as existing structures in the wider political and geographic hierarchies in English national and local governance, fail to provide a structure that aligns with existing boundaries of place, residents can sometimes struggle to engage appropriately or understand what services are accessible to them.

On the other hand, as devolution continues to evolve throughout England, the pushing of more and more powers towards local authorities – statutory partners of ICSs – only serves to strengthen their capacity as conveners at the place level and in collaboration with the NHS as equals. As such, the future of ICSs relies on a more standardised approach to decentralisation in order for health and care to be formulated to the requirements of place and residents. The North East Devolution Deal, for instance, introduces the Radical Prevention Fund to engage specifically with preventative action through the work of the Integrated Care Board and an investment of over £13m every year, in an area where more than 60 percent of health and care funding was found in 2016 to be spent on tackling the consequences of ill health through hospital and specialist

49 Greater Manchester Combined Authority (2024) – Cost Benefit Analysis

50 District Councils' Network (2022) – [The Power of Prevention: A series of case studies demonstrating the innovative use of Discretionary Housing Payments](#)

care – as against the 3 percent spent on public health⁵¹. This builds on the fund as first developed in the West Midlands Combined Authority and picked up by government to take forward⁵².

Initiatives like those outlined above highlight the potential gains that can be made when local leaders take a holistic, prevention-first approach to service provision. Adopting models like the Manchester Green Book is not proscribed by central government, and can be pursued by councils under current powers. Yet the funding system and volatile policy environment of recent years make the task more challenging than it needs to be, disempowering local leadership through a drain of capacity and organisational bandwidth. Diverting powers currently enmeshed in national government towards combined and local authorities may enhance the capacity within our current and future frameworks of place-based governance to engage in discretionary service transformation that specifically targets local needs from an upstream, preventative perspective. The first step in achieving this is moving to a funding system that places greater emphasis on upstream services and the value of prevention.

3.2 Developing a collaborative culture

Service provision is reliant upon a complex array of existing structures in governance, where frequently leaders of place are required to work around frameworks and jump through hoops in order to receive funding and empowerment from central government. Creating a strong culture of collaboration across the local ecosystem can help authorities and their partners deliver for residents within their fiscal and operational constraints, restricting the need for central government aid and laying the groundwork for innovative transformation.

Human-centred public sector collaboration

The opacity and immutable nature of centralisation in the UK leads to obstacles, often unseen, hindering actual productivity at the local level, pressuring otherwise skilled officers and leaders into a challenge of ticking boxes to receive support without actually incentivising best value for place. Rather than deal with the impervious walls of central government, local government needs to make use of 'trellis work', looking through the gaps in existing structures to find ways to enact change, taking hold of points of elasticity and widening them until it is easy to

51 NHS Confederation (2024) – [Prevention, population health and prosperity: a new era in devolution](#)

52 WMCA (2019) – [Government backs WMCA's radical prevention plans in key health proposals](#)

see where transformation will be most effective. The trellis must be created by institutions working together across the ecosystems of place, supporting local authorities to find and make use of opportunities as they present themselves.

The construction of robust data-sharing infrastructure across the local public sector is an example of how organisations can swim against the tide and deliver in an unfavourable environment. Taking a human-centred approach is crucial, and helps to elucidate this issue. For example, a person dealing with homelessness and mental health issues is likely to come into contact with a number of agencies besides local government, along with multiple departments within a given council, in seeking help with their problems. Attempts to effectively triage issues across these agencies to ensure the most effective course of action is taken requires concerted effort across organisations, including formal data sharing agreements and the organisational capacity to properly diagnose the problem.

When all aspects of an individual's interaction with the state are considered, better solutions can be devised – this might come down to an issue such

“This is not a solo sport.”

– Roundtable participant

as housing provision for a vulnerable person, which a cross-sectoral analysis of the cost of care reveals to be a long-lasting and cost-effective solution. Such analysis requires strong data infrastructure, collaborative working across the public sector and staff with the time and skills to act on the insights generated. This is a challenge all local authorities face in trying to provide services across their areas. The introduction of new technologies for analysing data cannot in of itself solve this issue. Instead, the implementation of new technologies risks being stymied by the same siloes and inefficiencies.

Places need a collaborative environment across public sector organisations that is based upon a shared vision and a related set of locally determined outcomes. These outcomes should be defined by place leaders, those with local knowledge and understanding of the requirement of place, rather than central government imperative. One vessel for producing this collaborative environment could take the shape of a ‘whole area plan’ for service delivery – a strategic document, facilitated but not controlled by government, which outlines the specific challenges of an area and that outlines the overarching set of relationships between actors at every tier and sector of place governance. This would require collaboration between local organisations, including across anchor networks, and would deliver systems change in a manner not dissimilar to the work of Local Strategic Partnerships but with, ideally, more tangible heft in funding so as to create real enthusiasm among local government actors to instigate this planning process.

Evolving public-private partnerships

As well as creating a stronger framework for the local public sector to collaborate, whole place transformation requires utilising and enhancing the vehicles for public private partnership currently available. PPPs must surpass the hurdle of fiscal uncertainty that is excluding private investment from the sphere of local regeneration. In order to establish greater certainty, not only should local government be able to partake in long-term finance settlements with, ideally, fewer accounting restrictions and without the inefficiencies of the competitive bidding process, but councils should also be able to rely on a wider policy framework that supports stable, locally led development. Long-term stability of leadership can give confidence to business partners.

The risks of PPPs depend greatly on their structure, where the most successful engage a strategic regeneration framework and, often, rely on the expertise of a private client. Joint ventures share risk and reward, but before delivery there needs to be a clear image of place needs and a synthesising of evidence from different local groups and sectors, highlighting the opportunities for quick wins to attract private investment without losing sight of long-term achievements. Many lessons have been learned from previous decades of PPPs, with combined authorities in particular well placed to implement a more mutually beneficial relationship with the private sector, and this must be factored into considerations of devolution and place transformation.

As joint venture delivery vehicles for development, particularly for large-scale and mixed-use regeneration programmes, Development Corporations (DCs) have seen some success in recent years since the Localism Act 2011 introduced Mayoral Development Corporations and since the Levelling Up and Regeneration Bill extended them additional powers in 2022. The purpose of DCs is to support greater cohesion between local public sector governance and private sector investors, getting to the root of conflicting priorities between the two. In particular, the high-risk nature of many regeneration and development projects hinders public-private partnerships, as local government struggles to provide the financial stability and ongoing strategic certainty that investors require to engage in longer-term projects with uncertain or longer-term yields.

Government spending and local funding should, in theory, be able to 'crowd in' private sector investment for place, but in practice this will require innovative mechanisms for fundraising. Local government pension funds may represent an opportunity to catalyse private sector support, with existing assets leveraged into programmes targeting local growth – with the proviso of endorsement by the

relevant stakeholders. As outlined in section one, this is a concept understood within government, and its potential could even be bolstered at the subregional level under plans mooted for a combined authority role in housing provision. The ability to aggregate long-term development pipelines over larger, more economically coherent geographies, as well as the ease of a single point of contact, could facilitate more productive conversations with investors and help to crowd in greater levels of private finance than could be achieved at the individual local authority level.

The keys to successful ongoing delivery rely upon building strong paths of communication between partners: in setting out from the inception of the project contractual expectations for the ongoing management and ownership of relevant assets; the monitoring and evaluation of shared targets by means of data sharing and aligning goals; and the utilisation of innovative practice from the private sector to meet public sector duties for residents⁵³.

3.3 Practicing community co-design

Over the past decade, community co-design has increasingly influenced local governance, with aims of fostering greater engagement and collaboration between residents, communities, and their relevant public authorities. In the context of a sector still feeling the brunt of austerity and its many impacts, community co-design is also increasingly seen as pragmatic, as, when done well, its use can leverage the collective expertise and resources of residents and stakeholders to address complex service challenges and foster innovative, locally tailored solutions – optimising service delivery and enhancing community resilience without requiring substantial financial investment. Building these principles into the heart of the local government settlement will be crucial to a long-lasting transformation in service delivery.

Driving cultural change

Whether co-design, co-production or any other variation on the theme, the increasing integration of the concept and its practice further implies a fundamental cultural change across local government towards a more relational approach to governance, regeneration, and public service delivery. The implication is a move away from traditional top-down decision-making to a more inclusive, participatory approach with an embrace of collaboration, empathy, and shared responsibilities.

The LGA has consistently championed co-production, recognising the promising

role it plays in developing democratic, effective public services and regeneration strategies that reflect community needs and offer resilience against national economic shocks – and providing guidance to this effect⁵⁴. What successful practical examples have in common is a synthesis of an assets-based approach, bottom-up engagement, collaborative, trust-based relationships, and channels of open communication and facilitation distilled into a visible cultural shift towards relational governance and meaningful community co-design.

The development of informal spaces for local problem-solving, action learning, and open communication between local authorities and their residents and communities – and training relevant staff or council representatives on this basis – is integral to the cultural changes necessary in a shift towards relational governance. Successful methods facilitate co-production and early-stage collaboration on defining and acting upon local priorities, ensuring that community input remains integral to the planning and execution of local initiatives as they progress. Such a relational approach not only empowers local private and third sectors to coalesce around community priorities but also enhances a council's ability to secure external funding and deliver more effective services.

Taking good practice forward

For local authorities seeking to get the most out of community co-design and participatory governance for the sake of whole place regeneration, the path to success lies in a multifaceted approach that flows through understanding, internalising, and practicing engagement strategies; a model of best practice that Localis previously laid out in detail within *The Connected Society*⁵⁵.

To begin with, local authorities should seek to co-design engagement programmes that resonate with residents ensuring that the process is open in addressing areas which the community feels are points of concern or pride. This requires a deep understanding of the various interaction types that can take place between residents and their public representatives, these being reactive, directive, and proactive interactions, which should be woven into a council's engagement strategy and training programmes. By making it clear to residents at which stage their input is being sought, particularly at the earliest stages of strategy, policy, and service formulation, local authorities can foster a sense of ownership and involvement from the outset.

54 Local Government Association – [Co-production](#)

55 Localis (2022) – [The Connected Society](#)

A key element of such a strategy is the regular review and adjustment of strategic and policy redlines to ensure they remain flexible and open to resident and stakeholder negotiation. Such flexibility allows for meaningful dialogue and collaboration, enhancing the acceptance and legitimacy of strategies, policies, and services as they develop and are put into practice. Cross-departmental working groups, in their many forms, can play a crucial role here, ensuring that insights from public engagement and participation are effectively and evidently integrated across various facets of regeneration projects and public service delivery. Those with such responsibilities must be accountable for the cohesive implementation of consultation and engagement results, particularly in the public realm, ensuring that resident and community voices are heard and respected throughout the process, with visible evidence of their consideration and integration.

Internalising these principles of co-design and participatory governance requires that events are held in locations accessible and familiar to residents and communities wherever possible, thereby lowering barriers to participation. Mechanisms must be built into the strategy, policy, and service design approval process that mandate local consultation where possible, ensuring that resident and community input is a fundamental part of policy development that the local authority can be held accountable for. Given the sector already has an admirable, rich history of resident and community engagement, prior consultations should be reviewed and analysed, perhaps through the use of AI and advanced data analytic technologies, to ensure acutely relevant matters and questions are posed, to avoid disempowering feelings of redundancy or consultation fatigue.

Furthermore, the outcomes of consultations and relevant participation exercises must be explicitly and visibly connected to strategy, policy and service decisions and the consideration of which made accessible both internally amongst the staff of all local authority departments, and externally, to ensure residents and communities are made aware of their role in the co-design as it progresses – all to foster a culture of co-design and engagement within the council, underscoring its necessity for effective placemaking. This transparency not only builds trust but also demonstrates the tangible impact of resident engagement on local governance, striking more of a relational connection between communities and the local authority. Thus, training materials should include real examples of successful co-design, highlighting how the participation of residents and communities in the design and execution of strategies, policies, and services has been able to shape local outcomes for the better.

Practising these principles in community co-design involves clearly communicating the methods and goals of co-design consultations to residents and communities,

ensuring that locally diverse groups are reached and represented. Tactical oversampling of hard-to-reach residents and communities can ensure that the co-design process is genuinely inclusive. Local authorities should seek to balance online and in-person co-design sessions, understanding, visualising, and quantifying this balance internally, by analysing what groups are more likely to use which means, and externally, to highlight the breadth and inclusivity of co-design efforts.

Providing residents with opportunities to voice frustrations beyond specific co-design sessions can also be beneficial and conducive to success, allowing for a broader understanding of community sentiments beyond ascribed mechanisms. Finally, the results of all co-design activity should be published and widely communicated, showcasing how community input has been integrated into policy decisions.

3.4 Constructing a new central-local settlement

The need to realise whole-of-public-sector efficiency in service delivery continues to present itself at the level of place. While places can and do work to deliver in spite of an unfavourable system, a bold approach from central government is needed to finally grasp the nettle, using existing devolution architecture, the lessons learned from previous iterations of total place and single-budget trials, and empowering local as well as subregional government. Future devolution policy must take into account the totality of current limitations in the structure of devolution, the obstructive capacity gap in local government, and current accounting principles, on the ability of the local state to drive economic growth and seek root-and-branch reform.

The importance of long-term certainty

In the aftermath of the 2024 general election, a new cycle has begun in vastly different political circumstances to those that produced the 2019 result. A critical juncture for renewal is approaching, with the chance to build on the successes and failures of a significant decade for devolution and decentralisation. The last ten years have seen the most meaningful decentralisation of power from Whitehall in recent memory in the form of combined authorities and their increasingly advanced devolution deals, along with a recent refocus on and reconceptualisation of regional inequality brought by the levelling up agenda. This legacy must be celebrated and consolidated going forward.

Yet lessons must also be learned – the ‘pot-bidding’ culture of central government capital funding has resulted in inefficiencies and worked to the detriment of strategic local leadership, while asymmetric devolution and overly-complex

governance frameworks have continued to stymie investment and innovation. To meet the challenges of the coming years and deliver economic growth and social prosperity for residents, councils must be enabled to create partnerships on surer footing and with longer time horizons. The commitment from the new government to a long-term settlement is therefore extremely welcome and will help to create an environment where councils can work with, rather than in spite of, the system they operate in.

The details of the settlement will determine how successful central government will be in laying the groundwork for whole place transformation. To help councils develop real partnerships and foster a genuine culture of collaboration, mechanisms must be attached to draw in the whole of the public sector. There must also be a rethink of the role of targets and metrics in guiding local performance. When central government makes funding decisions based on how local government can respond to reductive metrics, authorities are forced to engage with sticking plaster solutions to cover an increasingly gaping wound of financial capacity.

Longer-term funding that, on the other hand, is judged on outcomes over a reasonable timeframe, rather than short-term outputs, can provide the space for local authorities to step back and engage in strategic planning as well as supporting in-house skill provision and 'back-office capacity'. This includes corporate strategy, upon which organisational development, the identification of organisational priorities, and business planning – which engages in identifying the anticipated contributory factors to council outcomes such as actions by partnership organisations – all rely⁵⁶. As such, the framework for a relational approach for place, driven by local government, necessitates financial support for local authorities to engage in the strategic, long-term oversight of networks of place and of the individual requirements of communities and local businesses.

Public services as a devolution outcome

Evening out asymmetric devolution is part and parcel with the task of restoring council capacity, particularly at the strategic level. The forthcoming English Devolution Bill is an opportunity to put those areas of the country that do not currently have advanced devolution deals on a better strategic footing – through injecting resources into local authorities as well as through establishing combined authorities among them. The Bill will also contain provisions detailing the

56 LGA (2012) – *Business planning and strategic management: Councillor workbook*

production of statutory local growth plans, which could herald a renewed focus on strategic placemaking. Beyond this though, the as-yet-undetailed plans have the potential to break down a longstanding partition between economic growth and local public service delivery, if they contain measures to tie together the local public sector in holistic delivery.

The devolution framework brought forward from the Levelling Up White Paper represented a step in the right direction by opening up the process to parts of the country without a mayoral combined authority. The expansion of the offer for County Combined Authorities (CCAs) – in a way which is more inclusive of district councils and acknowledges the recent absorption by upper-tier authorities of Local Enterprise Partnerships with their local industrial strategy evidence bases – can help extend powers to drive growth to all parts of the country. The offer to local authorities in forming CCAs must explicitly include provisions for the uplift of strategic capacity both within the authorities and through the addition of an extra strategic layer in the form of the CCA.

The new devolution framework can address the artificial separation between matters of economic growth and matters of public service delivery. Recent devolution has applied a strategic lens to certain policy areas – mostly around infrastructure and investment – and left others, like the provision of neighbourhood services, out of the frame. Realising a whole place transformation means understanding that economic growth and social wellbeing must be deeply interconnected in a truly inclusive model to enable good growth. To do so, the local growth plans must call back to the comprehensive area assessments and local strategic partnerships of previous regimes and include a whole-of-public-sector approach to wellbeing as part of their implementation and evaluation. At the local level, this means engaging with partner organisations across the public and private sector to devise plans that can use the devolutionary emphasis of the current government to reform and revitalise public service delivery, as part of the wider drive for good growth.

CHAPTER FOUR

How we make it stick: a mission of local growth

A new dawn in British politics rises at a time of great challenges, particularly around the delivery of public services and maintenance of the public realm. The need to face these challenges head on and take hold of opportunities to innovate at pace and at scale is what drives the ‘mission-led’ approach which the government has embraced. The turn to missions in UK governance involves adopting a focused, outcome-based approach to policy and practice, inspired by the work of economist Mariana Mazzucato⁵⁷. Mazzucato defines mission-led governance as a strategic approach that transforms broad, systemic challenges into specific, actionable missions to stimulate innovation across sectors.

The concept shifts focus from traditional sector-based strategies to addressing societal issues such as poverty, inequality, and sustainability. Missions set concrete targets within these overarching grand challenges, providing a clear direction for policy and inviting diverse organisations to collaborate and innovate. In the context of local government, the method involves not just setting objectives but also fostering a participatory environment where various local stakeholders are actively involved in both defining and implementing their own governance missions, but also involved in the process of interpreting and executing national missions at the local level.

Unlike purely technological endeavours, contemporary governance missions often attempt to tackle ‘wicked’ problems that intertwine social, political, and technological factors, requiring a holistic approach to innovation that includes societal changes and behavioural changes within organisations. It is these, often deep-rooted problems which the renewal of political energy in the UK after the general election can tackle, if correctly harnessed and directed.

For English local government in 2024, the funding settlement, devolution arrangements and on-the-ground facilitation of partnership working must reflect these ambitions. With budgets constrained and a host of socio-economic problems to work against, a new generation of partnership working has been taking shape. Sharing data on outcomes across the public sector and private delivery partners can help in pooling resources and identifying efficiencies. The use of innovative vehicles – including local authority owned companies, joint ventures with private partners and development corporations – can help to drive placemaking activity under an overarching mission of local growth.

57 UCL Institute for Innovation and Public Purpose (2019) – *Missions: A beginner’s guide*

4.1 Lessons for local partnerships

Before winning the 2024 general election, the Labour Party released its plan for regional growth, and stressed repeatedly the importance of partnership between levels of governance and between sectors at the local level⁵⁸. The document stressed the importance of private sector partnership in delivering for places, an idea which is very familiar to local government leaders who have been driving investment and regeneration in the years before and after austerity measures were first introduced.

Collaborative leadership, built on lessons from previous decades of attempted horizontal and vertical partnership working, has become the norm across English local government. Delivery partnerships with the private, third and voluntary sectors are prevalent and increasingly mature. In the context of a new approach from the national government to devolution and a longer-term budgetary outlook, it is crucial that the lessons of the past few decades of partnership working are properly absorbed and taken forward.

58 Labour Party (2024) – [Power and Partnership: Labour's Plan to Power Up Britain](#)

Recommendations

To continue to deliver for residents even under considerable pressure, the use of partnership models centring on upstream prevention will be crucial. An examination of best and emerging practices in this area informs the following recommendations:

1 Plan to transform



To help foster a collaborative culture, **councils should produce transformational whole place service delivery plans, in collaboration with other agencies**, to give a clear overview of the efficiency and quality of service delivery across an area.

2 Model to prevent



Councils should develop internal models for valuing prevention and review spending accordingly, to help ensure that they can adopt an outcomes-focused approach to reducing demand on frontline services.

3 Prime for good growth



Being primed for good growth will be key to sustaining long-term transformation. **Councils should set out what good growth looks like over the immediate, medium and long-term** as part of forthcoming statutory local growth plans.

4 Work in partnership



Councils should **form partnerships and pool resources with local partners** across the public, private and third sectors. Operating with severely restricted capacity that is mostly outside of their control, it is more important than ever that councils lead collaboratively.

5 Deliver through innovation



Councils should work with private and third sector partners to **establish innovative vehicles** for regeneration, with explicit mandates to use procurement and other strategic functions to promote local economic growth.

6 Empower people



Local partnerships should **embed a culture of community engagement and empowerment**. This means adopting an asset-led and strengths-based approach, focusing on trust building, and develop different channels of communication with diverse communities. Mechanisms for collaboration should be built into the process of formulating strategy and devising policy across all policy areas.

4.2 Reaching a long-term settlement

The first and crucial requirement of a sustainable long-term settlement for local government finance is that it honestly reckons with the size of the capacity gap currently facing the sector and the deep challenges to service delivery which have become structural over a decade of austerity. In order to properly confront the issue, a two-pronged approach is necessary: the immediate restoration of capacity to frontline service delivery and the long-term redesign of the system to one which is more efficient and effective. Both require difficult political choices – the first because it entails spending money where little is available, the second because it requires the consideration of funding mechanisms which have been excluded from real policy consideration for decades.

Recommendations

To lay the groundwork for this transformation and equip local authorities to deliver on national priorities by providing high quality, sustainable public services and strategic, dynamic placemaking for economic development, a new deal for local government must meet the following requirements:

1 Steady the ship



As an interim measure, central government must **make an immediate cash injection into local authorities for frontline service delivery**, to restore sustainability to core services and halt decline in neighbourhood service provision. The immediate focus of spend could be on the improvement of the built and natural environment to deliver a visible uplift, followed by investment in community services, longer-term housing improvements and preventative measures at the neighbourhood level.

2 Chart a course to sustainability



Looking to the future, there must be an **examination of local government revenue sources**, including fiscal devolution, to chart a course to long-term sustainability.

3 Fill the capacity gap



To accelerate efforts to fill the local government capacity gap and ensure the workforce is properly equipped to address the service challenges of the future, government must **work with the Local Government Association (LGA) to further develop and scale-up local government employment and training programmes**.

4 Invest in prevention



The new funding settlement must **commit to the value of upstream prevention** and look to move beyond the 'discretionary' categorisation of non-statutory services, recognising the value of these services in reducing frontline demand.

5 Value outcomes



The success of local growth plans **should be evaluated on public service outcomes as well as economic indicators**.



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