



**COMMISSION ON  
THE FUTURE OF  
LOCAL GOVERNMENT**

**JULY 2012**

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Our thanks goes to Commission members who have given their time, energy and experience to contribute to this debate. You will see their thoughts throughout the report and find a complete list of members on page 4.

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## Commission Members:



**Cllr Keith Wakefield**  
(Leader, Leeds City Council)  
– Chair of the Commission



**Cllr Gordon Matheson**  
(Leader, Glasgow City Council) \*



**Jon House** (Chief Executive,  
Cardiff Council) \*



**Cllr Sir Merrick Cockell**  
(Chairman, Local Government  
Association)



**Will Hutton** (Principal, Hertford  
College Oxford and Chair of the  
Big Innovation Centre)



**Dame Jo Williams** (Chair,  
Care Quality Commission)



**Professor Sir Tim Brighouse**  
(The 21st Century Learning Alliance)



**Professor David Begg** (Chairman,  
Commission for Integrated Transport)



**Lord Victor Adebawale**  
(Chief Executive, Turning Point)



**Tony Travers** (Director,  
Greater London Group at the London  
School of Economics)



**Andrew Murphy** (Retail Operations  
Director, John Lewis)



**Baroness Margaret Eaton**  
(Vice-President,  
Local Government Association)



**Helen Bailey** (Chief Executive,  
Local Partnerships)



**Sally-Anne Greenfield**  
(Chief Executive, Leeds Community  
Foundation)



**Christine Adshead**  
(Partner, PwC)



**Professor Michael Arthur**  
(Vice-Chancellor, University of Leeds)



**Simon Parker** (Director,  
New Local Government Network)



**Rashik Parmar** (Chief Technology  
Officer, North East Europe, IBM)



**Dr Mike Grady** (Principal Adviser,  
Marmot Review Team)



**Tom Riordan** (Chief Executive,  
Leeds City Council)



**Emma Maier** (Editor,  
Local Government Chronicle)

*Patrick White* (Director of Policy, Department for  
Communities and Local Government) – Observer

\* Councillor Matheson and Jon House are committed to the spirit of civic enterprise and the work of the Commission in so far as it applies within their particular devolved Scottish and Welsh contexts.

# FOREWORD

When we took our first steps as a Commission it was important for me to start from the understanding that local government and public services are vital to a community, helping shape its health and wellbeing.

Yet in looking at how we can adapt, survive and indeed thrive for the future we also have to empower our communities to be even more engaged in shaping their own services. How do we reinvent the substantially reduced public sector for these financially challenged times while also breathing new life into our towns and cities?

That is why we brought together a great variety of leading thinkers and doers from the public, private and voluntary sectors. Our opinions and ideas are diverse and challenging. We share the recognition that we must evolve in a spirit of enterprise underpinned by strong civic values of trust and transparency.

It has been a privilege to witness as chair of the Commission how we have reinterpreted the spirit of civic enterprise for the 21st Century. We have drawn inspiration from the great public benefactors who helped build our cities in examining how we ensure our communities can move forward and be fit for the modern age.

We have ambition and these are game-changing times. Local leadership is pivotal to this. We hope that by embracing new powers and resources in Leeds we can serve our people even better, reduce inequalities and achieve our ambition of being the UK's best city.

We challenge other areas to embrace this approach: the big ask of the Commission is to take control of your own destiny.

Its a statement of our ambition for local democracy: we may be facing challenges but we will emerge stronger and we're certainly not going away.

**Councillor Keith Wakefield**  
Leader of Leeds City Council and Commission Chair



# EXECUTIVE SUMMARY

This Commission brings a fresh perspective to the role that local government can play in helping the UK meet some big social and economic challenges. We have based our work on **civic enterprise: a new leadership style for local government where councils become more enterprising, businesses and other partners become more civic, and citizens become more engaged**. We have analysed relevant research, the policy context and the many responses to our calls for evidence. We conclude that councils are doing a good job in difficult times and if they want to adapt they can do even more. We make five propositions about civic entrepreneurs, good growth, 21st Century infrastructure, a new social contract with citizens and English devolution. These are backed up not just by 'asks' of central and local government, but by commitments to act from leading national organisations that will ensure the idea of civic enterprise becomes a reality.

## A perfect storm

Local government is in the eye of a perfect storm: financial cuts deeper than any other sector with more to come; indifference from large parts of Whitehall; relatively low turnout at elections; disconnection from many local people; economic stagnation outside London in a decade of low economic growth; unprecedented environmental challenges to reduce carbon and waste; social polarisation between local communities; fast changing policy context in areas like education and health; and rising demand for services all combine to signal an apparently bleak future for local councils.

Successive UK governments have often seen local government as part of the problem rather than part of the solution. Even the all-party consensus that localism is the antidote to the over-centralised UK state often leads to policies designed to bypass local democracy. The national media's coverage of councils too often promotes a cynical, negative or indifferent attitude that the sector needs to recognise and confront. We live in an unforgiving age when every missed bin, unreturned phone call and impersonal letter chips away at taxpayers' confidence in public services and trust in democracy.

## The great untold story of public servants rising to the challenge

Yet every day millions of relatively low paid public servants provide valued services to local communities. When someone is in trouble, or there is an emergency, a council worker will often be one of the first at the scene. Given its role in safeguarding vulnerable children, adults and elderly people, gritting roads and cleaning up after riots, floods or acts of terrorism, local government is the UK's invisible emergency service. It is also arguably the sector – especially in the North of England – making the most significant contribution to reducing the UK's deficit, managing the impact of 28% cuts sensitively and effectively. Local councillors work tirelessly to champion the views of people and communities and provide local democratic leadership, in a way that is often not recognised.

This untold story of the positive side of local government is reflected in public attitudes. Polls show it is twice as trusted as central government, with seven

“The cumulative impact of policy change on local government has had a huge impact, and makes the Commission timely and important.”

**Will Hutton**

Principal, Hertford College, Oxford and Chair of the Big Innovation Centre



out of ten people satisfied with the way their council is running things. This strong public service ethos and civic pride is the DNA of local government that enables it to make a difference to the lives of people every day.

## Local government must seize the day

Rather than waiting for central government to tell it what to do, now is the time for local government to seize the opportunity to shape its own future. The unequivocal message the Commission heard was that only local government has the mandate to lead cities and towns, and the public trust it to do so. Councils are becoming increasingly innovative and effective at producing good quality services and value for the taxpayer and they now need to look ahead positively.

In planning ahead, local government must rediscover the spirit of the original civic entrepreneurs, such as Joseph Chamberlain, who created the Victorian utilities and infrastructure that shaped Britain's great cities and Joseph Rowntree who, whilst growing his business, devoted time and resource to public life. Just as clean water, sewers and electricity were the utilities needed in the 19th Century, local government can help develop the infrastructure needed for the 21st Century. Councils can stimulate good local economic growth, ensuring that the benefits are felt by all, and forge a new social contract with citizens to reinforce and restore people's faith in local democracy as a progressive and vital British institution. Councils, and councillors, will need new approaches to do this successfully, such as utilising less formal social networks, participatory democracy, better engagement with young people and a broader influencing role, rather than the more formal traditional structures we associate with the public sector.

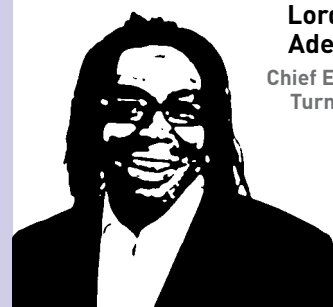
In considering the **future of local government** we make **five propositions**, supported by **commitments and calls to action** to ensure momentum and impact. The five propositions are:

### Proposition 1: Becoming civic entrepreneurs

People change places and it is the civic entrepreneurs who permeate businesses, communities, councils and charities who change cities and towns for the better. There are crucial roles for councillors not only in being civic entrepreneurs but also in providing visible civic leadership to enable and support the work of others. We must find and celebrate good examples of individuals from all walks of life, and organisations from all sectors, to inspire others to do the same and more. This new era requires a new 'whole place' leadership approach to replace the managerialist, formulaic and hierarchical partnership approach that too often produces meetings and policy papers rather than action that improves people's lives. The public service ethos can endure, but it needs to adapt

"The Commission will use this to achieve a credible platform of change."

**Lord Victor Adebowale**  
Chief Executive,  
Turning Point



## ONE IDEA – CIVIC ENTERPRISE



### FIVE PROPOSITIONS

- Becoming civic entrepreneurs**
- Stimulating jobs, homes and good growth**
- Establishing 21st Century infrastructure**
- Devising a new social contract**
- Solving the English question**



### COMMITMENTS AND CALLS TO ACTION

if citizens are to become advocates of their council. Cities and towns should continue to revitalise joint working through new, local government-led civic enterprise networks, with distinctive ambitions, common working values, and sharply focussed actions. This should focus on results based accountability to cut through bureaucracy to action, replace unpopular corporate communication with personalised and direct engagement including social media, develop shared leadership programmes and a learning culture.

Local ward councillors must reclaim their leadership role as the accepted and mandated voice of citizens who enable all sectors to take action together in campaigns to improve people's lives. They need recognition and support, to help them enhance their role as key influencers and door-openers to other community leaders who can make things happen, such as GPs, head teachers, community, youth, voluntary, faith and business leaders.

### **Proposition 2: Stimulating jobs, homes and good growth**

Businesses create wealth, not the state, but local government can create the conditions for enterprise to thrive by engaging the private sector and universities to develop their distinctive economic assets. In a decade of low growth, where the old models of funding economic and housing development have gone, councils can become a vital part of micro-economic policy, especially to create and support good growth with socially responsible approaches to employment and economic wellbeing. An example is councils using food waste from households and schools to produce energy through anaerobic digestion plants.

The financing of local government is changing, with councils relying substantially on business and housing growth to generate additional business rates and council tax income, so the future of local public services depends much more directly on economic success. Councils have a range of options to capitalise on these changes, for example, by taking advantage of Tax Increment Financing (TIF). They can invest in infrastructure and skills, provide direct support through rate relief and grants, reinvest in business and housing through the Community Infrastructure Levy, New Homes Bonus, and Section 106, and share risk and provide support through loan guarantees. Government should give councils greater powers to vary taxes through business rates and help councils access borrowing at the lowest costs, including the removal of any margins from Public Works Local Boards funds, and facilitating access to other funding sources like municipal bonds. The Bank of England could support local growth by providing funding for small businesses through Shadow City Bank Boards based on the German Landesbank model. Most of all, given the vital economic role of councils, it would be a false economy for the next Spending Review to penalise the sector, especially in the North, for its success in achieving savings.

### **Proposition 3: Establishing 21st Century infrastructure**

In the 19th Century local government started to provide the infrastructure and utilities of water, electricity, sewers and public health. The new economic, social, environmental and technological challenges of the 21st Century and beyond demand new infrastructure and different utilities to help create smarter towns and cities. Councils have a central role in commissioning

“The role of businesses in shaping cities and towns is important. They need to be involved at all times, starting with policy development, rather than only when controversial decisions need making.”

**Prof David Begg**

Chairman,  
Commission for  
Integrated  
Transport





this new infrastructure, for example enabling affordable and good quality ultra-fast broadband, low carbon energy and cheaper fuel bills, housing for first time buyers and older people, and transport systems. There is also a case to think differently about the social infrastructure that the 21st Century demands: how to create multi-use assets that have social value and act as community hubs, including public spaces and parks, schools and cultural amenities. Towns and cities need to find new approaches to bring together dynamic local intelligence and understanding to inform better modelling, decision making and action to run local assets, for example, replicating the power of the Rio de Janeiro Smart Cities Hub.

### **Proposition 4: Devising a new social contract**

Society faces big challenges that cannot be solved by the state alone, but require the state to orchestrate action. Polls suggest that the public know that they need to do more, with many willing to do so, but equally they cannot do so without well-functioning public services. The challenge is to change the nature of the relationship between the citizen and the state, rebuild trust and ensure good local integration between health, social care and other services.

Our ageing population brings with it a number of challenges. The existing system of care and support is no longer fit for purpose and the gap between demand, funding and provision is forecast to increase further. For older people, local authorities should use their leadership role in Health and Wellbeing Boards to bring the entrepreneurial resources of citizens, communities and all sectors alongside integrated health and social care. Central government must ensure the adequate resourcing of care, by building on Dilnot's findings and supporting local integration.

Outcomes for children from disadvantaged backgrounds are not good enough and the state is not managing to engage with many of these families. The economic outlook and welfare changes could make this worse and if schools do not work with other local services we are likely to let down even more children. Additionally, outcomes for children in care are unacceptably low and the costs of intervention are prohibitive and rising. The relationship between the state and families who need support has to change and be based on a restorative high support and high challenge way of working to help people be more productive and make positive choices. Those in positions of authority should therefore do things with families rather than to or for them. Collective action, led by local government, could be accelerated and communicated under the banner of a new social contract with citizens that would include support for the Troubled Families Initiative and encouraging schools to be part of a community that supports wellbeing.

### **Proposition 5: Solving the English question**

One size no longer fits all in the UK. Devolution to Scotland, Wales, Northern Ireland and London has created very different environments for local government, with a more positive and better supported role in the devolved settings of Scotland and Wales. In all cases, more power should be devolved from the overly centralist and silo'd Whitehall, closer to communities who have a stake in the success of places and who should then see a closer link between politicians and positive action. The Barnett formula is outdated and many argue, particularly in England, that this should be reviewed.

“Engagement of youth in the process of democracy is important. This goes well beyond studying citizenship.”

**Dame Jo Williams**

Chair,  
Care Quality  
Commission



By involving Leeds, Glasgow and Cardiff, this Commission has clearly demonstrated that different approaches are needed in the countries that make up the UK. For England, the current governance system is unsustainable, and needs to be considered, especially before any further cuts are imposed. Central government should address the unfinished issue of English devolution by devolving significant powers and resources from Whitehall and Brussels on the drivers of productivity, skills, transport and innovation. Building on City Deals, powers could be given to councils or collections of councils (such as Combined Authorities) that reflect the way local economies and markets work. In a decade of low growth and austerity, attempts to rebalance the economy geographically will only succeed if local areas can take more control over their own destiny. This requires new and vibrant public-private ventures that enable councils to become more enterprising and businesses to become more civic.

“Local government can be a galvanising force for social and economic change, especially in an age of austerity.”

**Simon Parker**

Director,  
New Local  
Government  
Network



## What next: our commitments and calls to action

The Commission concluded that producing a report with asks of government and councils was important and these calls to action are listed below. One difference of this Commission is that we have agreed commitments to action with a range of bodies to translate the idea of civic enterprise into practical action, promote good practice and do further research. Our ambition is to create a movement of like-minded organisations and people who can together tackle the big challenges facing the UK.

### Calls to action:

1. **Local authorities** should take full account of this report and how it relates to their own contexts, using the characteristics of Enterprising Councils as appropriate (see appendix).
2. The Commission asks that the **UK government** produces a formal response to this Commission and that it considers:
  - a) whether any central government departments or government agencies could become more enterprising and join the Civic Enterprise Network;
  - b) taking early steps to devolve economic powers through City Deals, e.g. through Combined Authorities or their equivalent;
  - c) incentivising public-private partnerships to develop new 21st Century infrastructure;
  - d) ensuring the adequate resourcing of care, building on Dilnot’s findings and giving councils a leadership role in creating a new care system;
  - e) a review of the Barnett Formula in order to develop a more robust, fairer and more sustainable funding formula for the UK;
  - f) reconfiguring departments in Whitehall, within existing resources, to create an ‘English Office’ with appropriate Ministers, Permanent Secretary and Select Committee.
3. The **Bank of England** should consider establishing Shadow City Banks in the German Landesbank model to channel Quantitative Easing resources more directly to small businesses.

### Commitments to action:

4. **University of Leeds, Leeds City Council, IBM, 2020 Public Service Hub at the RSA, and PwC** will establish a Civic Enterprise Network to identify and connect the civic entrepreneurs who are developing smart 21st Century cities and towns.
5. The **Trades Union Congress (TUC)** will identify and champion public servants who are civic entrepreneurs making a difference to people’s lives.

6. The **Local Government Association (LGA)** will establish a network of Enterprising Councils and a national cross-sector leadership development programme.
7. The **Society of Local Authority Chief Executives and Senior Managers (SOLACE)** will explore and define important characteristics of good place leadership that can enable civic enterprise to flourish.
8. **INLOGOV (The University of Birmingham)** will create a bespoke development programme to enable councillors to take on their community champion role.
9. **New Local Government Network (NLGN)** will identify through its Commission on Localism those policies most likely to reconnect citizens to democracy to give more autonomy to citizens.
10. The **Confederation of British Industry (CBI)** will promote the positive role businesses can play in civic leadership, including developing sustainable employment for our young people through apprenticeships.
11. The **National Association for Voluntary and Community Action (NAVCA)** will identify and champion great examples of civic enterprise and civic entrepreneurs from the third sector.
12. **IPPR North** will:
  - a) bring forward more detailed proposals for devolution of financial powers to local government and new financial instruments as part of its work with the Northern Economic Futures Commission.
  - b) develop a Spending Review North programme to feed into the next comprehensive spending review.
13. The **2020 Public Services Hub at the RSA** will carry out further research to support the development of new infrastructure – physical and digital – that will underpin quality public services and sustainable economic growth in 21st Century cities and towns.
14. The **Core Cities Group** will demonstrate how urban Councils are utilising their economic influence to enable good growth in jobs, economic output and housing, as well as reducing dependency, and making the case for further devolution to support this.
15. The **Centre for Cities** will do work on ‘Growth in Austerity’ and make proposals for the spending review to suggest how funding and powers can support all urban councils to enable growth in jobs, economic output and housing.
16. The **Joseph Rowntree Foundation (JRF)** will carry out further research to understand how local government can meet the needs of citizens in deprived areas, and how society and the state can work together for the common good.
17. The **Association of the Directors of Adult Social Services (ADASS)** and the **LGA** will make the case for local government to lead and champion an integrated care system focused on prevention, civic enterprise and partnership, with sufficient funding for success.

## In conclusion

Civic enterprise is only an idea, but ideas can be powerful drivers of change that can unite people regardless of their politics, sector, geography or background. We live in difficult times and the only answer, in the absence of additional public money, is to get better, quicker and more effective at improving people’s lives. Civic action needs a mandate and an anchor body to organise and legitimise it, as well as functioning public services at its heart. Local government is that mandated body and we would invent it now if it did not exist. Civic enterprise can provide the new leadership style that will allow councils to build on their good response to such challenging times and have an even greater impact on helping to solve some of the big economic, social and environmental challenges facing the UK.

The idea of enterprising councils and civic businesses has resonated very widely with many people. We are setting up a Civic Enterprise Network to continue the momentum of this dynamic thinking, stimulate further commitments and provide an online resource for more practical support that draws on the evidence we received. The perspectives, support and evidence provided by Glasgow and Cardiff have been invaluable to illustrate the similarities and differences across the UK. Cardiff and Glasgow are committed to the general direction of the Commission, in so far as the approaches are applicable to their contexts.

“Councils continually change and innovate. The LGA will ensure there is a strong network of enterprising councils to support and develop new ideas.”

**Cllr Sir Merrick Cockell**  
Chairman,  
Local Government  
Association



# 1 ABOUT OUR COMMISSION

## Purpose

Local government is undergoing a period of unprecedented change, arising from the global economic situation, dynamic policy context, societal pressures, rising customer demand, increasing expectations, and big reductions in public spending. Much of the recent development of local government policy has been piecemeal, so we have taken a look at the role of local government as a whole within a 21st Century context.

This report is for those in local government, those working with local government, or those who could contribute to local well-being, including government, the private sector and the third sector. We believe our work provides an insight into what the next stage of policy, practice and reform should be.

## Civic enterprise – the core idea

The idea of civic enterprise is simple: only local government has the mandate to lead economic, social and environmental change in cities and towns. In austere times councils need to change to become more enterprising, and enable businesses and other partners to become more civic and the public more engaged. Councils should recapture the spirit of 19th Century civic entrepreneurs and galvanise businesses, charities, trades unions, public partners and citizens to work together as a single sector to achieve common civic goals. Rather than budget cuts diminishing the influence of local government, enterprising councils can use greater efficiency and strategic influence to set out a radical and positive future for local public services.

**Civic enterprise is a new leadership style for local government where councils become more enterprising, businesses and other partners become more civic, and citizens become more engaged.**

Polls by YouGov and Ipsos MORI show that local government is more trusted than Whitehall. It can be part of the wider solution to some of the biggest problems facing the UK, such as how to generate sustainable economic growth, how to build a smarter 21st Century infrastructure, how to reconnect with indifferent, disillusioned citizens to reverse social breakdown and how to complete the unfinished business of English devolution. Civic enterprise puts a transformed local democracy at the heart of economic and social renewal: the strength of local government is not just what it can do itself, but what it can enable others to do.

Civic enterprise is not about structure or process and is not a strictly defined model. It is not Localism, Total Place or Big Society. Civic enterprise is not even a brand new way of working, but it is different to the way many councils currently operate. Some innovative councils and civic-minded businesses are working in this way already, across the UK and beyond. Our Commission

“Local Government has to be the force that unearths and articulates the value of a place and its people; it should create the unifying agenda where leadership comes together from all sectors of the community.”

**Rashik Parmar**

Chief Technology Officer,  
North East Europe, IBM



has examined this practice so more people can understand and benefit from the approach. Civic enterprise is about taking the strengths of the different sectors, for example, from the public value and service ethos of the public sector to the dynamism and creativity of business, and the community connections of the third sector. Civic enterprise is about individuals being confident in their ability to make things better in their local area, from whatever sector or walk of life: we all have a contribution to make and a responsibility to do so.

## Approach

The Commission has mirrored the concept of civic enterprise through its membership, with input from academia, private, public and voluntary sector leadership, stimulating valuable, rich, varied and challenging debates. The collaboration between Cardiff, Glasgow and Leeds councils has been invaluable to understanding the different nature of challenges and opportunities across the UK.

We held three Commission meetings and made extensive use of existing material, phone calls and discussions. We made two calls for evidence to engage stakeholders and stimulate a debate. In November 2011 we communicated a general call seeking innovative examples of good practice in working together across sectors to improve outcomes in a civic enterprise way. In January 2012, a more specific call for evidence was made in three areas: citizen engagement, the role of councillors and the role of local government within the economy. We are very grateful for the excellent response to both calls for evidence (more than 80 for the first call, and more than 60 for the second). The source of submissions was wide and varied and the quality was high, with many demonstrating innovative approaches to tackling local issues. A full list of contributors can be found on page 44.

We used the responses to the calls for evidence, alongside policy analysis, and other relevant material (such as other commissions, think tank and consultancy reports) to stimulate Commission discussions and generate preliminary findings and recommendations. We have now developed these into five propositions that can help meet the big economic, social, environmental and democratic challenges facing UK in the 21st Century. In response, key bodies have already agreed to take action to progress these ideas as part of our call to action. Section 2 illustrates the range of background work and highlights some of the key findings used to inform our work and generate the propositions. Section 3 describes the five propositions and lists the commitments and calls to action, and Section 4 concludes the report and suggests some next steps to maintain momentum.

“Local government needs to be more self-sufficient and entrepreneurial, building very real partnerships that thrive in both the good times and bad times because they are built on transparency and trust. Only then will cities thrive and grow with all sectors benefiting from the success.”

**Professor Michael Arthur**

Vice-Chancellor,  
University of Leeds





## 2 OUR BACKGROUND WORK

This section provides a brief summary of the work that has informed our Commission discussions and report. It is not possible to do justice here to the weight of evidence received, the documents read, policy context analysed and conversations facilitated that have enabled us to reach this position. We have pulled out the highlights of these in order to give a flavour of this background work which has directly informed our propositions, commitments and calls to action.

### Policy context

The recent economic crises that have engulfed the international economy bring significant policy implications. Demographic changes mean that the demand for services is rising, customer expectations are increasing, and there has been recent social unrest. Then there is the combined effect of the wider contextual changes, such as decarbonisation, globalisation and technology improvements, such as social media. All of this demands a fresh look at the role of the state and its relationship with the citizen.

Successive UK governments have taken a piecemeal approach to adjusting the role of local government, by amending existing legislation and publishing white papers that deal with specific aspects rather than addressing the whole picture. Recent examples include localism, open public services, an increased role for local government in public health, welfare reform, social care and a significantly reduced role in education. New structures for economic development are now in place and councils have already expanded their role, for example temporary business rate relief, job creation programmes, affordable housing policies and apprenticeships. At a very high level, there appear to be five underlying themes in government policy, which we have taken into account in our key messages.

**Choice and control:** particularly evident in education, health and social care policy, and in moves to empower communities further.

**Decentralisation:** aspiration to deliver services at the lowest appropriate level, particularly evident in the Police and Social Responsibility Act, Localism Act, Health and Social Care Act, Open Public Services White Paper and in City Deals.

**Diversity of provision:** aspiration for more provision by business, third sectors and the community, particularly evident in education, open public services, localism and health.

**Fairness and accountability:** continued direction about accessibility and also accountability to users and taxpayers.

**Personal responsibility:** increasing expectation that people should be more independent and less reliant on the state, particularly evident through Big Society.

As the new Comprehensive Spending Review starts, there is an opportunity to look again at the issues affecting local government, to listen to the difference it can make to people's lives and see it as part of the solution not the problem. The LGA Campaign for Independent Local Government and the related work of the Political and Constitutional Reform Select Committee are important in this context.

“Local government cannot do everything; instead it should have a clear role in providing local leadership and coordinating the effort of others. It has to be an enabler of individuals, businesses and the third sector; helping people to achieve what they can for a community.”

**Emma Maier**

Editor, Local  
Government  
Chronicle



## Wales and Scotland

There is an ongoing debate around the future of the UK. While the long-term challenges in Wales, Scotland and England remain the same, the pathways chosen have been very different in the devolved administrations from the Whitehall model. This has resulted in a significant divergence in the political and policy context, particularly in terms of the power and role of local government in relation to the centre. There are a number of common themes in how local government has evolved in Wales and Scotland that makes these contexts quite different. For more detail, please see the background papers available on the Commission's website.

**Central-local relationship:** in both Wales and Scotland, local government is seen as a strong and equal partner with the devolved governments.

**Focus on citizens:** in Wales, the policy context is distinct from England in that its focus has been on 'Voice not Choice'. Local government in Wales occupies a different space in public life to its English counterpart, very much being viewed as an important part of public life that adds value as a community leader. This is also evident in Scotland where local government is seen as a valuable asset that leads the local policy agenda.

**Collaboration not competition:** in Wales and Scotland there has been an emphasis on collaboration, both with central government, and also across the public, private and third sectors and with local communities.

**Integration:** the emphasis on collaborative working has led to much greater integration of services in the devolved areas. In Wales the Beecham Review has led to much greater integration of services across organisational and geographic boundaries. In Scotland there has been even greater integration, most notably in health and social care.

### Challenge facing the UK

Devolution has presented local government across the UK with different challenges and opportunities. In Scotland and Wales the response of local government to devolution has been positive and opportunities to increase and legitimise their respective roles have been seized. The devolved institutions have been more open and accessible than their UK predecessors in allowing local government to become a key partner in delivering national outcomes at the local level in a genuine partnership. Localism has also been a strength of devolution, with local government in Wales and Scotland much keener to pass on powers to local people and in turn their role as a positive player in public life has been reinforced. In England local government has not had the same opportunities to seize legitimacy, because local government is more distant from Whitehall and too rarely understood and appreciated nationally.

“Our collective challenge is how are we going to engage all the sectors? We all have to take responsibility for ensuring businesses and the third sector are involved in developing our communities.”

**Christine Adshead**  
Partner, PwC



## Wider context

We have recognised from the outset that there is a valuable wider context to inform our work. There are other Commissions, think tank material and consultancy work, all of which provide valuable insights about the role of local government and beyond.

The Commission on 2020 Public Services is probably the work most closely related to our Commission. Their emphasis on a new deal based on social citizenship chimed with our thinking about a new social contract. The concepts of social productivity and community leadership are very closely related and their consideration of central-local relations and call for negotiated autonomy illustrates the growing desire for more, real, localism and devolution from the centre.

We also worked with IPPR North to get an understanding of their work on the Northern Economic Futures Commission. In looking at the critical issues facing the economy of the North there are parallels with our focus on local government's role in economic development. We share the views that importance should be placed on cross-sector working in order to maximise opportunities.

The New Local Government Network is currently working on a Commission which also has closely related themes, particularly in terms of what it may mean to be an enterprising council. Their work on the next steps for localism illustrate, as we do, the need for revitalised local democracy and stronger community leadership, along with a sustainable and secure funding system for local government.

A number of reports look at the role of local government in engaging communities in determining local priorities and shaping service solutions. The Joseph Rowntree Foundation (2012) discuss creating mechanisms to share risk and reward between public sector bodies and communities and the role of local councillors in championing the needs of the wider community. INVOLVE, the national advisory group on health issues, also emphasise the importance of the role of local councillors in community engagement. The Marmot Review also suggested this direction.

It is apparent that a good deal of the work we examined said similar things about the role of local government and the potential for collective change, showing a groundswell of converging opinion that shares our belief in the potential for local government to be a significant part of the solution to some of the UK's biggest challenges.

## Results of the Calls for Evidence

We have seen impressive submissions from across the UK detailing changes in the way councils work with others to shape places, protect the vulnerable, improve services, and fulfil their democratic role. Almost half the submissions were from businesses and the voluntary sector. A strong theme across many submissions was that local government can and should be a strategic leader. Terms such as 'enabler', 'convenor' and 'facilitator' were widely used to describe this. We found this to be a powerful, real world endorsement of the views already found in our wider research.

*"We need to explore the ways in which councils can accommodate business, third sector and various demands for participative democracy, but without abandoning traditional electoral accountability and the requirement for councils to answer for taxpayers' money. We need to make it clear to central government that until and unless the centre stops taking over local government powers, it is likely that local government will be cautious in passing powers downwards."*

**Tony Travers,**  
Director,  
Greater London  
Group at the  
London School  
of Economics





Another theme from the calls for evidence included the need to strengthen and broaden citizen engagement and participation. Councils are clearly grappling with similar difficulties in reaching traditionally disengaged groups, ensuring that engagement activity is not skewed to hear those with the loudest voices and also enabling communities to take these opportunities on board. There were excellent examples of councils engaging and empowering citizens, including from Peterborough, as their 'Citizen Power' work explored ways of improving the city via an online collaborative space. We received many examples of this being achieved and the level of commitment to doing this even better was high, such as Cardiff Council's 'Goodies with Hoodies' scheme.

It was also clear that something new is needed and there is a willingness to push traditional boundaries to achieve better results for local people. Methods of delivery are changing, with the range of actors involved expanding. Co-production is becoming more common: Leeds Health Hub is a good example of this type of innovative practice (for more information, see case study on page 35). St Albans Council's submission described their drive to become a more entrepreneurial council and illustrated this with their examples of the 'Dragon's Apprentice' project.

The second call for evidence reinforced the feeling that there is a strong appetite for a civic enterprise approach. The idea of local government as the local strategic leader emerged strongly, including in its significant role in growing local economies. This showed that councils are not waiting for permission from central government to make a difference, but are getting on with the task at hand and taking the holistic view. Examples of this can be seen in Manchester, Monmouthshire, Bristol and Glasgow councils, as well as several councils in Yorkshire, all of whom have developed original and innovative projects around economic development.

The Centre for Public Scrutiny, an organisation well versed in the nature of the challenge facing local democracy, submitted useful evidence advocating that councillors be champions for their locality, but warned against assuming that more transparency will always mean greater accountability and efficiency.

In terms of community engagement, the evidence revealed an anxiety about the capacity of different communities to take on new responsibilities and opportunities in the absence of well-functioning public services.

Overall, the calls for evidence showed that civic enterprise as a concept and way of working has strong precedent and potential within and outside of the sector. Councils, businesses, third sector organisations and individuals are already eager to innovate, and place more of a focus on developing people to support them to become civic entrepreneurs.

## Goodies in Hoodies (Cardiff Council)

'Goodies in Hoodies' is a youth project which has changed a Cardiff community. It was established in 2009 by Maisey Andrews, who was then 16. She wanted to establish a project that would break down barriers between generations and show that not all young people are troublemakers. Goodies in Hoodies puts local young people at the forefront of improving the lives of everyone in the area and creates positive role models within the community.

The scheme is managed by local stakeholders Fairwater Leisure Centre, Waterhall Youth Centre and Communities First and is well supported by the Fairwater Neighbourhood Policing Team. The young people run the group on a voluntary basis and undertake projects that are directed by the community through consultation. This bottom-up, partnership approach has built a stronger community that takes responsibility for what happens locally. Since 2009, they have secured over £50,000 of funding some of which has been put towards helping young people gain skills and cleaning up the wards.

"The extensive range of innovative examples generated through the calls for evidence is very encouraging. It shows the sector knows it needs to change."



**Lord Victor Adebowale**  
Chief Executive,  
Turning Point

## Key messages

**Local government is adapting well in challenging times** – evidence of good practice, innovation and change, for example, community budgets, new approaches to joint commissioning and the integration of services, as well as consistently improving efficiency. Furthermore, central government recognises that local government is ahead of the rest of the public sector in this respect.

**Revitalising local democracy** – the turnout for recent local elections demonstrates the extent of apathy. Local democracy must be revitalised and councillors must be more engaging, enabling and recognise other leaders. We must all recognise and support the role of councillors in achieving coherence and avoiding fragmentation, at both a city or town level and a ward level.

**The need for strong leadership to cope with the inevitability of change** – unprecedented change is taking place and will continue in a period of austerity. Councils, partners and citizens must understand this and plan accordingly. Evidence suggests that a focus on valuing people, establishing common values and culture is ever more important. There is a clear appetite for working differently, 'letting go to gain', being more innovative and enabling a sector-blind approach.

**The disproportionate impacts of the cuts** – greater efficiencies may limit some of the impact, but the scale makes it inevitable that there will be losers. Research undertaken by the Joseph Rowntree Foundation concludes that the greater impact of this will be felt within disadvantaged areas, particularly in the North, where there is greater reliance on public services.

**Expanding the role of citizens** – this is a clear priority for central government and features in many think tank proposals. Polls suggest that the public recognise this too. Different descriptions, such as social productivity, changing the relationship between the citizen and the state, or a new social contract, all highlight the potential for this to be a powerful solution if implemented well. This means seeing the public in a more positive light and making it easier for them to engage. This could help to reverse feelings of disillusionment and alienation, so that people feel they have a stake in society.

**Changing nature of communications** – the rapidly changing role of the media and increasing use of social media is redefining customer expectations and driving culture change. Councils need to embrace this and be more proactive in their communications and in particular to tell a better story about their impact locally. This demands a more personalised and direct communication style.

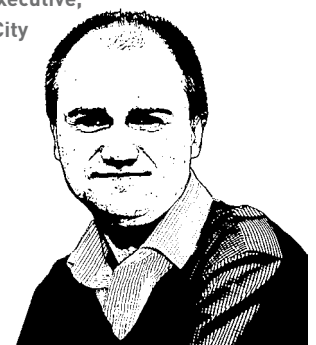
### North Dorset District Council

*Driven by a poor Audit Commission rating and a council tax cap, the council had to make a 25% cut to its net operating budget in four years. It turned this crisis into an ambitious and innovative path of improvement, based on political buy-in, making the most of collective talent and building confidence. Key to this was engagement with communities, staff, town and parish councils and external agencies to lead a collaborative effort to find and implement solutions.*

*In 3 years, the Council had exceeded its financial target and by 2012, it has reduced net costs by 41% yet services and local venues have improved beyond all recognition. Parishes and communities have taken on and are running local services themselves, building economically stable vibrant market towns.*

*"Civic action needs a mandate and an anchor body to organise and legitimise it. Local government is that mandated body and we would invent it now if it did not exist."*

**Tom Riordan**  
Chief Executive,  
Leeds City  
Council



**An increasing focus on outcomes** – policy agendas in key areas such as children’s, adults and public health are increasingly focussed on outcomes and integration, with a strong evidence base that no single organisation alone can impact on these complex issues. This means that we need better approaches to joint commissioning, integration and co-production and improved ways of shared working to focus our financial planning, performance improvement and workforce development efforts on shared outcomes.

**New methods of delivery** – the reality of the financial cuts is that councils will have to do less. The scale of the cuts means that to maintain a decent level of service will require far greater efficiencies, which will require learning from others and greater engagement with the private and third sectors. Importantly, the public trust their councils to understand their needs and determine who is best to provide services. They are keen on greater provision by the not-for-profit sector, especially in care services. On procurement, there is a need to consider the wider impact of spend and look at quality issues.

**Local government as catalyst and enabler** – this will form an increasingly important role for local government as it relies more on others to contribute, lead, develop and deliver projects and services. It must still ensure that it has the resources and attributes locally – people, places, and facilities – to be able to attract and sustain business and enable its locality to thrive.

**Devolution** – there is a general consensus both in the wider research and in government policy, that decentralising powers – both from central to local government, and from local government directly to citizens – is essential if we are to meet the challenges of the 21st Century. This raises issues of how best to do this, without additional costs or fragmentation.

**Personalisation** – choice and control over how services are run is key to empowering citizens and designing services with them rather than the traditional method of delivering services to or for them. There is also a general feeling that in return for this increased personalisation, choice and control, there must also be a degree of personal responsibility with people becoming more independent and less reliant on the state.

**‘It’s the economy, stupid’** – the economy will continue to be fundamental in terms of determining the type and scale of challenge being faced and the options available. Work to date by the Core Cities, and more recently on the City Deals, suggests that more can be done. The PwC and Demos work on good growth provides a broader wellbeing context to the economic debate, which resonates with a civic enterprise approach. The CBI is clear that it can encourage businesses to do more, for example with apprenticeships, engaging with Local Enterprise Partnerships and corporate social responsibility.

**New tools for infrastructure investment** – the economic downturn and reluctance of banks to lend has stalled existing and new infrastructure projects. Local government can find new ways to stimulate demand and enable investment in infrastructure for the future, for example prudential borrowing, municipal bonds, and new public-private investment vehicles.

**Changing our planning horizon** – feedback from business suggests that councils and central government can sometimes take too much of a short term view, because of political and financial planning cycles. We need to find ways of taking a longer term view, using academia to help source global good practice.

“Service integration is easy to say and harder to do. A lot is dependent on local personalities.”

**Baroness Margaret Eaton**

Vice-President,  
Local Government  
Association



# 3 OUR PROPOSITIONS, COMMITMENTS AND CALLS TO ACTION

In listening to these key messages and challenges, we have developed five propositions, with supporting commitments and calls to action:

## ONE IDEA – CIVIC ENTERPRISE



### FIVE PROPOSITIONS

- Becoming civic entrepreneurs**
- Stimulating jobs, homes and good growth**
- Establishing 21st Century infrastructure**
- Devising a new social contract**
- Solving the English question**



### COMMITMENTS AND CALLS TO ACTION

“Civic enterprise embraces the idea of all three sectors being involved in developments and decision making – with citizens at the heart – a powerful combination.”

**Dame Jo Williams**

Chair,  
Care Quality  
Commission



It has not been possible to cover every aspect of local government, but we have made a start in tackling economic, social, environmental and democratic questions facing UK. Civic enterprise provides a framework in which councils can lead citizens, the state, the private sector and the third sector to come together to identify problems, explore options and implement solutions. Much of this can be done from within current legislation and frameworks, particularly given the introduction of the General Power of Competence, however, the messages emerging from our work also show that wider reform is needed for this to work in practice to maximum effect.

## Predicting the future?

A graph produced by the London Borough of Barnet, illustrating the rising costs of adult and children's social care, has captured media attention in recent weeks. It demonstrates that if nothing else changes, these costs will rise as a percentage of the overall budget, so much so that by 2028 this will account for all of the council's net budget. The scale of the challenge is huge and the 'graph of doom' is one scenario. We would propose an alternative scenario a 'graph of hope' to show what might be possible if central and local government act positively. The assumptions for the graph of hope might be: having council tax rises in line with inflation; a sensible settlement from the Spending Review; successful action to reverse the trend of rising numbers of children in care and increase in-house foster carers; a fair and proportionate settlement on care of elderly and vulnerable adults between individuals and the state, health and local government; positive local action to support businesses (by using, for example, TIF and business rate pooling) which leads to increases in business rates; and increases in New Homes Bonus and Council Tax base due to the rise in net number of homes.

## Proposition 1: Becoming civic entrepreneurs

Towns and cities can revitalise joint working by harnessing the power of civic entrepreneurs. Enterprising Councils should lead citizens, businesses, the public and third sectors to set ambitious goals and values and galvanise sharply focussed action. Local councillors need to be enterprising community champions leading single issue campaigns to improve local communities.

### Commitments to action:

- **University of Leeds, Leeds City Council, IBM, RSA Public Service Hub, and PwC** will establish a Civic Enterprise Network to identify and connect the civic entrepreneurs who are developing smart 21st Century cities and towns.
- The **Trades Union Congress (TUC)** will identify and champion public servants who are civic entrepreneurs making a difference to people's lives.
- The **Local Government Association (LGA)** will establish a network of Enterprising Councils and a national shared cross-sector leadership development programme.
- The **Society of Local Authority Chief Executives and senior managers (SOLACE)** will explore and define important characteristics of good place leadership that can enable civic enterprise to flourish.
- **INLOGOV** (The University of Birmingham) will create a bespoke development programme to enable councillors to take on their community champion roles as door openers and campaign leaders for local people to help invigorate local democracy.
- The **National Association for Voluntary and Community Action (NAVCA)** will identify and champion great examples of civic enterprise and civic entrepreneurs from the third sector.

### Calls to action:

- **Local authorities** should take full account of this report and how it relates to their own contexts, using the characteristics of Enterprising Councils as appropriate.
- **Central government** should consider whether any central government departments or government agencies could become more enterprising and join the Civic Enterprise Network.

Over time, a range of initiatives have encouraged local partnership working, which has delivered some improvements, but this model is no longer fit for purpose in the current complex context. It has become too process and structure driven, not inclusive enough and needs refreshing. Our evidence suggests that it is the power of people that affect change, largely through relationships and shared values, rather than the rigid partnership structures. Strong local democracy is critical for successful civic enterprise. Democratic structures in councils need to be refreshed, and backbenchers need to be engaged and empowered with meaningful roles, alongside



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other key community leaders, so that their crucial role can be understood and valued. Civic enterprise as a new entrepreneurial way for all sectors to work together towards shared outcomes has resonated with the vast majority of people engaged in the work of the Commission. This approach is a way of challenging and changing the stereotypically poor image local government has developed, despite it being more trusted than central government.

It is obvious that local government alone cannot provide all of the answers to local problems, but successive central government administrations have missed the real opportunity of using local government as a galvanising force for change by influencing others to act. Public service values are the DNA of councils, as people often go the extra mile to make a difference to their local community. The many examples and stories need to be told using new forms of more personalised and direct communications, to restore public faith in local government. Instead of being seen as the problem, local government can be part of the solution to some of the big challenges facing the UK.

Instead of traditional approaches that can be bureaucratic and cumbersome, we need a more inclusive and flexible, networked approach that is based on a commitment-driven rather than a target-driven culture. We need to find and promote local civic entrepreneurs who are bringing people together and making a difference to communities, from a wide range of backgrounds and in a wide range of roles. Councils need to find a way to safeguard risk and equality issues but not constrain action from those who can make a difference but who are not able to deal with bureaucracy.

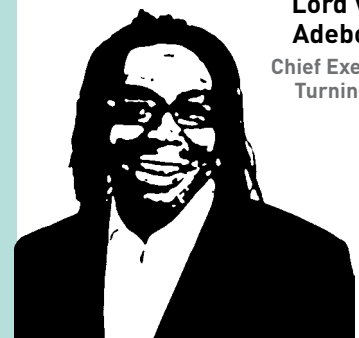
Approaches such as outcome based investment planning, shared asset plans, and results based accountability should be used to ensure we focus on action and achievements in a very transparent way. This very powerful approach allows everyone to contribute, such as recent burglary reductions in Leeds and many other examples across the country. Leadership capacity should be built together by businesses, the third sector and councils so they share expertise, forge closer working relationships and develop mutual trust. Culture change should put people ahead of processes and working practices ahead of structures and silos. It is clear that the public service ethos can and should endure, but it is also clear that civic enterprise can and should happen without councils always being involved.

### Sunderland's Community Leadership Programme

*This is reshaping the way citizens, elected members and council officers work together. A multi layered programme, with three core strands: engaging elected members more effectively as community leaders and creating new communications to empower councillors at the community frontline; reconfiguring local public services to get closer to citizens and be more locally responsive; and linking this to the city's economic sustainability, community resilience and growth agendas by asking how people, place and council could contribute to economic sustainability and growth at a time of political and economic flux.*

“The future role of local government needs to be about collaboration and commissioning based on an understanding of local needs and clear governance structures, not just the current emphasis on provision. We will only achieve this through partnership working between sectors.”

**Lord Victor Adebowale**  
Chief Executive,  
Turning Point



## CIVIC ENTREPRENEURS IN ACTION

For local ward councillors to be effective as the mandated voices of the communities they serve, they must be supported by effective member development programmes. These must give elected members the skills to work with other community leaders, embrace modern technology and other media and bring communities together to champion their voice and needs.

The importance of engaging with citizens and communities is strongly embedded into the ethos and work of councils, but the success of such activity is often questioned. The challenges of engaging with residents effectively (including vulnerable, harder to reach and less engaged groups) and within tight financial constraints, are also widely acknowledged. In particular, we need to use new mechanisms and technologies

to engage young people and create a new generation of civic entrepreneurs by inspiring young people, for example through mentoring and apprenticeships. Citizen engagement, particularly in the context of the localism agenda is also seen in some ways as being a threat to local democracy, effectively bypassing local elected members in an effort to engage directly with local residents. This need not be the case where the distinct but complementary roles of elected members and community engagement can be defined.

Devolving more power can also reinforce the value and role of all councillors and the different functions that they fulfil. Civic enterprise is a way of reconnecting, in particular, backbench councillors with their communities, allowing local citizens to better engage in the concept of a social contract with local government. We can do this by offering them choice and control over how services are designed and delivered, in return for an increased sense of personal responsibility and independence.

### Social Business Brokers

**We are a Community Interest Company that encourages enterprising approaches to dealing with social issues.**

**At the heart of what we do is the idea that any solution will be collaborative. No one business model, organisation, sector can solve big, complex social issues alone. So we concentrate on one social issue at a time, start by raising awareness, whilst working hard to make sure that everyone understands the issue, then bring people together – innovators, entrepreneurs, investors and funders, door-openers and encouragers – in fact anyone who can help.**

**One example of this is our recent call for action on Leeds Empties, which brought together 100 people for a day to explore how to bring back into use some of the 5000 long-term empty homes in Leeds. We need to build on existing work and explore the potential for new social ventures to tackle the issue; this is an issue for everyone in the city rather than just for the council to sort.**

**But this is just the start of the journey. One of our key challenges is how to fund a civic enterprise approach and ensure that action can be sustained.**

**“We need to harness the creativity of the third sector in developing new and exciting models of service delivery – all too often we are consulted right at the end of the design stage.”**

**Sally-Anne Greenfield**

Chief Executive,  
Leeds Community  
Foundation







## Proposition 2: Stimulating jobs, homes and good growth

Local government should promote and sustain local economic growth with a focus on 'good growth', job creation, inclusion and homes. To play its part, central government should provide local authorities with greater financial freedoms by devolving necessary powers and resources from Whitehall and Brussels.

### Commitments to action:

- The **Confederation of British Industry (CBI)** will promote the positive role businesses can play in civic leadership, including developing sustainable employment for our young people through apprenticeships.
- **IPPR North** will bring forward more detailed proposals for devolution of financial powers to local government and financial instruments as part of its work with the Northern Economic Futures Commission.
- The **Core Cities Group** will demonstrate how urban councils are utilising their economic influence to enable good growth in jobs, economic output and housing, as well as reducing dependency, making the case for further devolution to support this.
- The **Centre for Cities** will do work on 'Growth in Austerity' and make proposals for the spending review to suggest how funding and powers can support all urban councils to enable growth in jobs, economic output and housing.

### Calls to action:

- The **Bank of England** should consider establishing Shadow City Banks in the German Landesbank model to channel Quantitative Easing resources more directly to small businesses.

Since 2008 the UK economy has experienced the most severe recession in living memory, followed by a stalled recovery. UK output is currently 3% below its 2007 level (prior to the recession) and at one point the UK economy shrank by 5.5%. Unemployment was at 5.5% before the recession and now stands at 8.3%. With continued uncertainty in the Eurozone, the prospects for the UK economy look at best like a long period of low growth and at worst a decade of stagnation. If London and the South East were removed from the equation, economic performance and prospects would look even starker.

Experience of the economic restructuring of the 1970s and 1980s shows that the personal impact of job losses on families living in places currently reliant on the public sector will be severe without intervention. In many towns and cities across the UK young people in particular face daunting levels of unemployment and a lack of prospects. First time buyers can expect to enter the housing market at the age of 38 and the financial models that fuelled house building in the last 20 years are broken.

“The future is positive if city leaders take responsibility for economic wellbeing and enable everyone to contribute, even where they don't have control.”



**Helen Bailey**  
Chief Executive,  
Local  
Partnerships

The new jobs that towns and cities need for young people will not come from the public sector, given the continued planned cuts to public spending. Businesses create wealth, rather than the state, but given the collapse of the banking and property-led model of growth, a fundamental debate is needed about how growth will be achieved and what is realistic in order to rebalance the economy sectorally and geographically. Councils can intervene at the micro-level – driving innovation and economic development – with a focus on social responsibility. This could be reflected in initiatives such as the use of food waste from households, schools and hospitals to produce energy via anaerobic digestion plants.

In the current climate economic growth is often viewed as paramount. But we have to be aware of the potential damage to citizens and our communities if we seek to maximise growth at any cost. Disadvantage and deprivation have a huge impact on social outcomes in the short and long-term – particularly education, health and crime. The current economic downturn and public spending cuts are already having a disproportionate impact on disadvantaged areas and there is a need to generate jobs and opportunities, to promote good growth, to provide hope, and alleviate the worst impacts of the economic downturn.

In a decade of low growth, where the old models of funding economic and housing development have gone, councils can help create the right conditions for such good growth for example by:

- making it easier for businesses to engage with councils, for example through campaigns to take on more apprentices;
- agreeing land use planning Core Strategies that clarify the terms on which additional housing will be acceptable to local communities (e.g. by protecting the green belt, attracting investment for new roads, public transport and schools, etc);
- publicising accessible and transparent procurement strategies that allow small businesses and social enterprises to bid for public sector contracts; and
- building relationships with large employers, business representative organisations, and trades unions.

The financing of local government is changing. Councils are relying substantially on growth in business and housing to generate additional business rates and council tax income, so the future of local public services depends much more directly on economic success. Councils have a range of options to capitalise on these changes. They can invest in infrastructure and skills, provide direct support through rate relief and grants, reinvest in business and housing through the Community Infrastructure Levy, New Homes Bonus, and Section 106, and sometimes share risk and provide support through loan guarantee.

“Local government can be as efficient and dynamic as the business sector whilst retaining its democratic mandate – but this means forging strong relationships with businesses and learning from their experience.”

**Cllr Gordon Matheson**

Leader,  
Glasgow  
City Council



## CASE STUDY

### Glasgow Economic Commission

This was set up to identify current or anticipated opportunities for economic and employment growth, take evidence and make recommendations on new initiatives. One of these was to establish a new private-public leadership body to focus the economic development efforts of Glasgow City Council, Scottish Enterprise, the Chamber of Commerce and others, to deliver on the city's economic potential and to ensure that Glasgow is 'open for business'. Part of this was for the private sector to be fully engaged to lead on the development and delivery of sector and cross-sector actions to provide Glasgow with the best opportunities to grow wealth and employment in the future.

The importance of our cities in driving economic growth has been recognised in the development of City Deals. These consist of bespoke agreements between government and the councils of our major cities providing greater powers and responsibilities in order to drive local economic growth. Approaches to local economic development should reflect the work of the Northern Economic Futures Commission (NEFC) and the IPPR which details the importance of the North to national economic performance and the need for intervention to support and sustain this growth.

Compared to the 19th and 20th Centuries UK cities now have access to fewer revenue streams that they can use to raise capital. The UK now needs to enable its cities to rise again to meet new global challenges and one way of doing this is through Tax Increment Financing (TIF). The recent Local Government Finance Bill gives the Secretary of State the power to enable TIFs for England, with the Scottish Parliament having already passed legislation in December 2010.

Historically, TIF-style future value-capture finance mechanisms started with a vision to deliver immediate and long term infrastructure benefits by spreading costs and revenues over very long periods of time. Often using trusts, capital was raised through borrowing, repaid from future revenues. The creation of railways, ports, fresh water and energy supply, canals and sanitation within these cities made them the global powerhouses of their age. These technological innovations were matched by extraordinary financial creativity and the confidence and drive to see the UK's stake its claim as a world economic leader.

The UK's global competitors often enjoy greater local financial freedom and access to TIF-style finance, including in North America where this has been used for more than 40 years. Chicago is a high user of TIF and has over 131 schemes, many of which have had transformational results. One of the best known is Millennium Park, previously the site of rail yards and parking lots, now a major tourism destination and investment location.

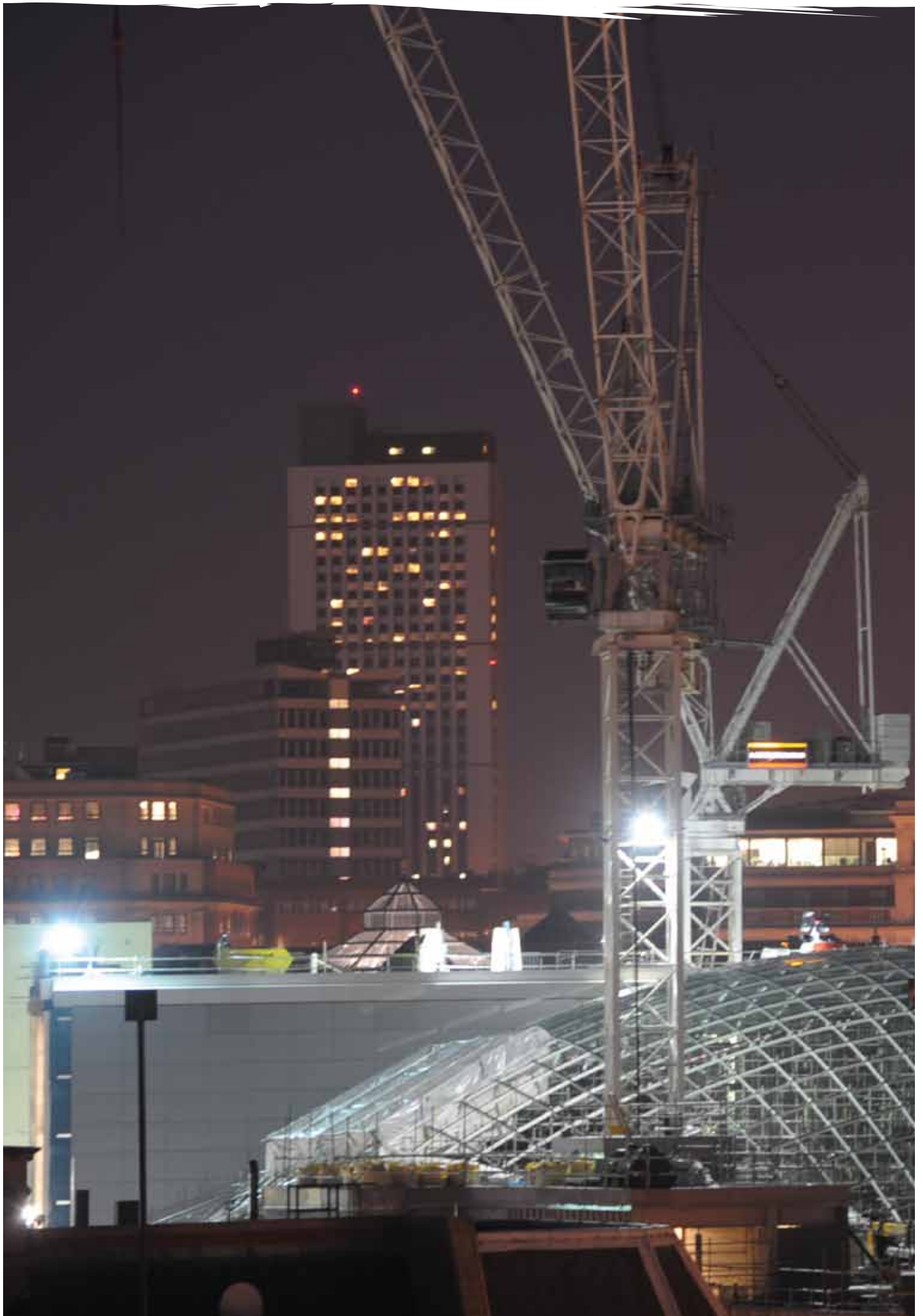
A wide variety of value-capture finance mechanisms are also in use across the EU, often inspired by the North American experience but tailored to meet local institutional needs and practices. Mechanisms are diverse and include but are not limited to: land transfers and land value capture, local taxation increments, debt servicing and loan guarantees and use of operating revenues.

Government should now give councils greater tax raising or reducing powers through business rates and help councils access borrowing at the lowest costs, including the removal of any margins from Public Works Local Boards funds, and facilitating access to other funding sources like municipal bonds. Given the absence of credit flowing through to small businesses from the Bank of England's Quantitative Easing programme, it might also be worth replicating the German Landesbank model, joint ventures between local government and private investors that supply credit to small businesses. This should be accompanied by local authorities using their strategic role to help stimulate demand within sub-national economies, increasing levels of confidence among business and enhancing the propensity of business to borrow and invest. Above all, given the vital economic role of councils, it would be a false economy for the next Spending Review to penalise the sector, especially in the North, for its success in achieving savings.

“Local government's involvement in business needs to be focussed and collaborative to help create and maintain preconditions for successful commerce. This requires local government to develop, publish and adhere to a coherent market strategy for each sector – even though this will mean resisting some attractive but ultimately conflicting short term opportunities which may arise. Inherent in this is the recognition, by councillors and officers, that the most successful and sustainable local markets are usually those whose leaders have patiently and faithfully executed a simple, transparent and prioritised plan over a period spanning multiple political cycles. Such ‘blueprints for business’ can act as powerful facilitators of investment and growth, which creates wealth for both the community and individuals.”

**Andrew Murphy**  
Retail Director,  
John Lewis







### Proposition 3: Establishing 21st Century infrastructure

Local government, with central government support, should play a decisive role in co-ordinating the delivery of the new infrastructure and different utilities that will be required for the 21st Century.

#### Commitments to action:

- The **2020 Public Services Hub at the RSA** will carry out further research to support the development of new infrastructure – physical and digital – that will underpin quality public services and sustainable economic growth in 21st Century cities and towns.

#### Call to action:

- **Central government** should incentivise public-private partnerships to develop new 21st Century utilities, for example, enabling affordable ultra fast broadband, low carbon energy, housing for first time buyers and the elderly and smart transport systems.

Local government originated in the 1800s from the need to provide the essential utilities and infrastructure of clean water, lighting, sewers and public health as the Industrial Revolution led to the growth of cities and towns. Its role has evolved over two centuries away from these now privatised utilities towards a mixture of various public services and regulatory functions. There are now very well established privatised markets for traditional utilities and infrastructure, but cities and towns face new economic, social, environmental and technological challenges in the 21st Century where markets alone cannot deliver universal services.

Within many poorer and rural areas – where utility profit margins are lower – local communities are often frustrated by a lack of basic service provision. Issues regarding access and affordability are evident within a number of services, including postal services for elderly people, public transport, housing and broadband, banking (and even cashpoints) contribute to a sense of isolation and powerlessness. These are very real concerns in people's daily lives and they do not see local politics as part of the solution to this. Moreover, the rising cost of fuel and the need to decouple energy infrastructure from the oil price, the onset of ultra-fast broadband, a lack of public investment in flooding infrastructure, the changing structure of postal services, and the like are very real challenges facing both the private and public sectors.

“We need to use the exciting new technologies available to us to create a more intelligent and accessible understanding of the many different communities we belong to and are here to support.”

**Rashik Parmar**

Chief Technology Officer,  
North East Europe,  
IBM



Public space is a much undervalued part of a city's infrastructure. Investment in the public realm in UK city centres like Glasgow, Sheffield, Manchester and Newcastle has made a real difference to the local economy and quality of life, with new revitalised squares, waterfronts and parks becoming creative and cultural centres. Leeds has more green space per head than most European cities and its seven green flag parks and 54 community parks are a vital part of city life, as in many areas. Local communities want a clean, safe and green quality of life, so resources to address 'crime and grime' is a vital public service. Public buildings are also symbols of civic pride, from the great Victorian Town Halls to local libraries and community centres. Many councils have utilised innovative community asset transfers to allow unique partnerships of citizens and third sector groups to keep these buildings open. Schools that are utilised as community hubs can have a profoundly positive impact in helping to bind together communities and support changing the relationship between the citizen and the state.

Many global businesses and cities are rethinking the question of what infrastructure and utilities are required to run the smart cities of the 21st Century. The Centre for Low Carbon Futures has examined over a thousand potential projects in the Leeds City Region in a mini-Stern review. They demonstrated that over 4,000 jobs can be created, £1.2bn per year saved in energy costs and carbon emissions can be reduced by 12.9% by investment in projects with a commercial payback of less than four years.

It is also worth asking some fundamental questions about whether local government should take on new roles – either as investor, regulator, procurer, consumer, or campaigner – in making sure that their citizens have access to the best possible services. There are good examples of councils innovating to achieve this already. Westminster is renting its street furniture to enable Internet Service Providers to provide free wi-fi services to tourists and businesses in London. Leeds is leading a feasibility study for a consortium of thirty public sector organisations examining the scope for a Public Services Network to take advantage of cloud data storage. Several councils are utilising food waste from their care homes and schools to power low carbon anaerobic digestion energy plants. The Post Office is developing new partnerships with local government to co-locate postal services with local public one stop shops. Lessons from other places such as the US and Scandinavia show that utility cooperatives can succeed in uniting consumers, local government and investors to fill local gaps in utility service provision.

## HUB Westminster

**HUB Westminster (co-founded as a Community Interest Company) is a 12,000 sq ft 'incubation lab'. The council used its Civic Enterprise Fund to put seed equity finance into the venture, as a 40% shareholder. Under this model, 65% of profits are returned to the project, while the remainder can be issued as dividends to the shareholders. It is on track to make a profit by the close of Year 1 without any ongoing reliance on public funding.**

**Aimed at supporting the emerging movement of civic entrepreneurship, HUB Westminster provides work space and opportunities to meet, collaborate, share and learn from peers, for value-driven enterprises and social innovators. It also provides access to an Academy which delivers high quality top up learning for entrepreneurs, delivered by entrepreneurs. This partnership illustrates the platform nature of HUB Westminster, enabling collaborations to be built and delivered from the space at no cost to the council.**

*"We have a real challenge to get a coalition working, which goes beyond traditional local authority boundaries, across the big infrastructure issues that we need to tackle if cities are to become sustainable and thriving places."*

**Prof David Begg**

Chairman,  
Commission for  
Integrated  
Transport



## CASE STUDY

In Rio de Janeiro, a Smart Cities Hub, draws data from a wide variety of sources, supported by higher education and using technology to deliver services to people more efficiently and effectively (for example, using real-time data to reduce energy, traffic congestion and burglaries). Cities and towns should develop and use dynamic local intelligence and understanding to inform better modelling, decision making and action.

Councils are often the largest employers, landowners and consumers in cities and towns and they can potentially have a much larger impact on the utility service provision of the future, for example by creative approaches to funding. There is a pressing need to consider how large strategic programmes, such as urban flood defence infrastructure, can be resourced and whether local public-private partnerships or Business Improvement Districts can contribute to this. Councils must harness good practice in terms of delivering jobs and investment for low carbon industries.

### The importance of a distinctive economic narrative – a new story for Coventry.

**Distinctiveness of place is key to creating a compelling and coherent narrative. A story which aims to boost confidence, improve liveability and drive economic competitiveness. That is why Coventry has created a new story. Told and sold by champions across the city and sub-region; guided by a place plan and governed by a place board. The city council, alongside Warwickshire County Council has embraced this new approach to place leadership. There is no new money to make this happen, but we do have a renewed commitment that all stakeholders from individual residents, through to global businesses become narrators, with a consistent, authentic and bold message about our place.**

## CIVIC ENTREPRENEURS IN ACTION

### Gary Rowntree from John Lewis Partnership was instrumental in setting up the Nottingham Retail Business Improvement District (BID) in 2010.

**The city had seen improvements in its infrastructure, however as the Chair of the Nottingham City Centre Retail Association, I was aware of the dwindling involvement from the retail sector and reduced leverage retail organisations had with the council. We had a council representative to help steer us through the BID process and were supported with funding from Nottingham City Council.**

**The Nottingham Retail BID programme represents a total additional investment value of £3.3 million and will add significantly to the value of the city's retailing economy. The original aim of the BID was retail but it has been evident from those getting involved through the original steering group, the Board and now wider involvement that the BID has a civic enterprise element to it. It has brought together people who wouldn't necessarily directly benefit from the BID but who were passionate about the city and could see it as a method to access funding, enabled engagement with different groups and develop new working relationships across different public, business and community sectors.**

“Big businesses already want to engage with councils on big issues such as planning major developments. Our challenge and opportunity now is for local government to become the champions for SMEs, to create the environment where they can grow and thrive.”

#### Will Hutton

Principal,  
Hertford College,  
Oxford and Chair  
of the Big  
Innovation Centre







## Proposition 4: Devising a new social contract

Local government and its partners should forge a new social contract between the citizen and the local state, in which services can be delivered with rather than to individuals and communities.

### Commitments to action:

- The **Joseph Rowntree Foundation (JRF)** will carry out further research to understand how local government can meet the needs of citizens in deprived areas, and how society and the state can work together for the common good.
- The **New Local Government Network (NLGN)** will identify through its Commission on Localism those policies most likely to reconnect citizens to democracy to give more autonomy to citizens.
- The **Association of the Directors of Adult Social Services (ADASS)** and **LGA** will make the case for local government to lead and champion an integrated care system focused on prevention, civic enterprise and partnership, with sufficient funding for success.

### Calls to action:

- **Central government** should ensure the adequate resourcing of care, building on Dilnot's findings and giving councils a leadership role to create a new care system.

Society faces big challenges that cannot be solved by the state alone, but require the state to orchestrate action. There is evidence to suggest that people know they need to do more and we know from the high levels of volunteers in the UK that many are willing to do so. We are most likely to be able to tackle social problems effectively if we see people as an asset rather than a liability, and people are best placed to do this when they are supported by well-functioning public services and engaged in developing the solution.

Just as rebalancing is being undertaken in the economy, we have an opportunity to rebalance the rights and responsibilities of citizens and the state. We can then ensure that people are empowered to make positive choices in their lives. There will always be a need for interventions into people's lives, for a variety of reasons, but we know that these interventions can be more successful if done with individuals, families and communities rather than to them.

“Civic enterprise ensures all partners can contribute and play their part in improving outcomes for vulnerable people and children.”

**Professor Sir  
Tim Brighouse**  
The 21st Century  
Learning Alliance



## CASE STUDY

### Citizen Power in Peterborough

**Citizen Power is a collaboration between the citizens of Peterborough, Royal Society of Arts, the Arts Council and Peterborough City Council to explore new ways of making the city a better place to live. The programme represents a new approach to exploring how the renewal of civic activism and community action might improve attachment and networks between people, build local participation and cultivate public service innovation. Underpinning all of this is a commitment to using the city's resources more efficiently and effectively. In focussing on the responsibility of the citizens to play their part and the state's role in enabling them to do so, the Citizen Power programme seeks to unlock the hidden wealth of citizens' capabilities and commitment to help create a better city.**

We have a real opportunity to engage with individuals, families and communities and negotiate a new social contract which reaffirms the role of the state in meeting the needs of its citizens and proactively working to improve the wellbeing of a local area, in its broadest sense. The manner in which this is done needs to give people a stake in society which was so evidently lacking during the August 2011 riots.

Civic enterprise is not a panacea to the challenges facing society, but it does offer an opportunity to refresh the relationship between the state and the citizen, opening up a more collaborative and neutral space. Citizens and service users can work with providers from whatever sector, to create services that are administered with people and not done to them, enabling citizens to be seen as an asset. This should also include a place-focused approach that enables citizens to have real influence and make decisions about the services that impact on them and their communities. The empowerment of communities in terms of housing, recycling, waste, crime, planning and environment is key.

The challenges presented by the demographic realities this country faces are well understood. The ageing population and needs of the vulnerable means finding new ways to cope with rising demand and expectations. The tide is already turning against councils; both central and local government must react quickly, getting on the front foot and developing a fit for purpose, sustainably funded and fair system. Central government must build on Dilnot's findings and councils must use Health and Wellbeing Boards and relationships with health partners to develop solutions. A system which engages all entrepreneurial resources of citizens, communities and potential provision, should be developed to ease the strain on traditional health and social care services. Key to Marmot's approach in addressing health inequalities in the broadest sense is to create the conditions for people to take control of their own lives. This places more emphasis on collaboration beyond traditional public services, providing a greater role not only for local government, but also for the private and third sectors.

“Local government shouldn't lose sight of the leadership role it has for all our citizens, both majority and minority groups. But to fulfil this properly it must listen and respond to communities – and we can learn much from the customer insight skills of the private sector. Only then can we hope to be the glue that binds society together.”

#### **Dame Jo Williams**

Chair,  
Care Quality  
Commission



The impact of the recession and sustained cuts to deprived areas will compound existing problems (Joseph Rowntree Foundation). The imminent Welfare Reform proposals will also impact significantly. The report into the 2011 August riots noted a feeling that some rioters had no hope and nothing to lose – and there are obvious dangers where alienation and exclusion can act as both a cause and excuse for civic and social unrest.

Outcomes for children from disadvantaged backgrounds are not good enough, the state is not managing to engage with many of these families. The economic outlook could make this worse, and if schools do not work with other local services we are likely to let down even more children. Additionally, outcomes for children in care are unacceptably low and the costs of intervention are prohibitive and rising. The relationship between the state and the family needs to change, to be based on a restorative approach. The premise of this high support and high challenge way of working is that people are more productive, cooperative and make positive choices when those in positions of authority do things with them rather than to them or for them. For young people, local government should ensure that families, whose children might otherwise be removed from their homes, are supported to develop a safe alternative solution before such action is taken, namely through family group conferencing. In all other circumstances where there is a safeguarding issue, then the family should be supported to help decide what needs to happen.

Collective action led by local government could be accelerated and communicated under the banner of a new social contract with citizens, which would, for example, support the Troubled Families Initiative and encourage schools to be part of a local community that supports the wellbeing of children.

## CASE STUDY

### Leeds Hub: Co-producing Health in Leeds

**This is a collaboration of health, local government, third sector and service users, administered by the University of Leeds, looking at drug and alcohol addiction in Leeds. The approach is underpinned by the belief that full co-production across the whole system generates better outcomes for everyone.**

**In October 2011, we had an event for 200 people (106 users and 94 service commissioners and providers from across the sectors), which generated the principles of working and a number of self-organising action groups were created. Additional benefits that were observed were: respect and recognition for communities and for service professionals, new insights and recognition of the power of citizen's stories.**

“Embracing civic enterprise is really important as it can do so much to build on the role of local government in delivering the public health agenda and remove health inequalities.”



**Dr Mike Grady**  
Principal Adviser,  
Marmot  
Review Team





## Proposition 5: Solving the English question

Central government should consider the challenge of central-local relationships across the UK and address the unfinished issue of English devolution.

### Commitment to action:

- **IPPR North** will develop a Spending Review North programme to feed into the next comprehensive spending review.

### Calls to action:

- The Commission asks that the **UK government** produces a formal response to this Commission and that it considers:
  - a) taking early steps to devolve economic powers through City Deals, e.g. through Combined Authorities or their equivalent;
  - b) a review of the Barnett Formula in order to develop a more robust, fairer and more sustainable funding formula for the UK;
  - c) reconfiguring departments in Whitehall, within existing resources, to create an 'English Office' with appropriate Ministers, Permanent Secretary and Select Committee.

Devolution to Scotland, Wales, Northern Ireland and London has created very different environments for local government. In all cases, more power should be devolved from Whitehall, in order to break free from its often centralist departmental grip. Power should be devolved to the lowest possible level, closer to the communities who have a stake in the success of places and who should then see a closer link between politicians and positive action.

The Commission deliberately included councils from England, Wales and Scotland to show that different approaches are needed in our respective countries. In Scotland and Wales the response of local government to devolution has been positive and opportunities to increase and legitimise their respective roles have been seized. Local government is a key partner in delivering national outcomes at the local level in a genuine partnership. Devolution has not directly increased local government autonomy, but has offered greater opportunities for councils in devolved areas to lead and shape the national policy agenda.

“England suffers from a profound democratic deficit now Scotland, Wales and Northern Ireland all have their own devolved governments. Indeed, even London has part-devolution, leaving all other parts of England being over-governed from Whitehall.”



**Tony Travers**  
Director,  
Greater London Group  
at the London School  
of Economics

In England this has not been the case and we argue that change to the current governance system is overdue. Before further cuts are imposed these structural issues need to be considered and addressed. English local government has not had the same opportunities to reshape the central-local relationship and successive central government administrations have all too often seen local government as the problem and rarely the solution. Local government in England needs to redefine its role in society and take the lead in reshaping public services with local communities.

Central government should also consider whether the lack of a specific focus on England by Whitehall and Westminster institutions is a weakness in the current system. For example, consideration should be given to whether there should be a Secretary of State for England, an English Office and a Select Committee for England. This could be added to any reform proposals for Parliamentary voting and the House of Lords structure that clarified England's governance.

Central government should address the unfinished issue of English devolution by devolving significant powers around skills, transport and innovation to councils or groups of councils working together, for example Combined Authorities. Different local areas will need different models of local economic governance but should still be led by local authorities. The important thing is that they provide effective leadership and governance structures that are strong enough to operate these powers.

The Barnett Formula, which sets out how the Treasury allocates public funding to the four countries that make up the United Kingdom, has remained largely unchanged since its inception as a short term solution in the run up to Scottish devolution in 1979. Many argue (particularly in England) that the formula is outdated and no longer fit for purpose, given that it is only loosely related to the actual need, based on the assumption that fiscal need is related directly to population. It does not provide for proper fiscal independence of the devolved governments who still have to work within a total budget that is not of their choosing or under their control. It is also not set in legislation and so in theory at least, can be amended by the Treasury fairly simply, an issue of concern to the devolved administrations. Barnett himself has stated his view that the formula is unfair, and was never intended to be anything more than a short term measure. With the challenges currently facing the UK, there is a real opportunity to put in place a more robust, fair and sustainable funding system. We therefore call on central government to consider a review of the Barnett formula in order to develop a fairer and more sustainable funding formula for the UK.

“This Commission has shown that local government occupies a very different space in public life in Wales compared to that in England. We have a real emphasis on the importance of its role and its capacity to add value as a community leader: Local government is seen as the lead local body, having responsibility for setting the vision for its area and working with partners and communities to deliver what matters most to people.”

**Jon House**  
Chief Executive,  
Cardiff Council





## 4 Our conclusions and next steps

### Conclusions

The context for local government has changed hugely, we are dealing with a very complex set of issues which require a very different approach. A civic enterprise leadership style can help councils and others to navigate through the perfect storm that they are facing.

We have been lucky to debate these issues from a wide variety of perspectives, having drawn on some existing high quality material, including relevant public opinion polls. We have developed our idea of civic enterprise into five propositions with a range of supporting commitments and calls to action. We believe these propositions about the future role of local government can generate a movement to enable councils to work differently with partners and to achieve more for their communities.

We think that successive UK governments have missed the real opportunity of using local government as a galvanising force for economic and social change, particularly in an age of austerity. Structure has been seen as the answer, rather than ways of working, culture and values. Our work has shown that we can use the current, largely untapped, potential of local government to be a major force in terms of its contribution to dealing with some of the significant issues facing the UK, including the financial crisis, low carbon agenda, ageing population, the rising demand for and the lack of engagement with services and the crisis of confidence in democracy. But, we also think that councils have to change in order to do this, as do others in business and the third sector. Councils need to tell their story better about the positive impact they have on the everyday lives of the public.

We are grateful for the work that everyone has done to make this Commission productive. We look forward to hearing more stories of successful civic entrepreneurs who make a difference to the lives of people and to further commitments to the Civic Enterprise Network.

### Next steps

We have been overwhelmed by the level of engagement with the Commission, from across all sectors and all parts of the country. We are therefore keen to see our work taken forward by those who are best placed to do so. You will see from the calls to action that we are asking major organisations to progress the work, in line with their own objectives and purpose. However, this is not about creating an exclusive club. We want anyone to embrace civic enterprise if it can help to make things better for people and communities. We want to harness the collective power to make significant change happen.

We will establish a Civic Enterprise Network to identify and connect the civic entrepreneurs who are developing the smart 21st Century cities with modern infrastructure, good growth, and a new social contract between citizens and the state. We will also create an online resource network to use for advice and guidance about bringing civic enterprise to life, drawing on the extensive range of material submitted in the calls for evidence.

“The future of local government should be one that inspires and excites, despite the challenge and change we face. Elected representatives will become ever more important as strong community leaders, using their influence to shape services and ensure accountability where decisions affect local people. Successfully developing that role, and rising to the challenge of substantial change will be essential if we are to thrive as civic entrepreneurs.”

**Cllr Keith Wakefield**

Leader,  
Leeds City  
Council



# APPENDIX

## **Ten Characteristics of an Enterprising Council** – to be further developed with the LGA.

1. A clear, distinctive and ambitious city or town vision with associated priority outcomes and allocated lead responsibility.
2. A transparent commissioning and procurement policy accessible and open to local small businesses and social enterprises.
3. A clear menu of ways that citizens and businesses can engage in civic life, such as a creative use of social media and face to face meetings to communicate and engage more directly with local citizens.
4. Proactive relationships with the largest local private sector employers, for example, through Local Enterprise Partnerships, Combined Authority Structures, or other arrangements.
5. Clear evidence of direct empowerment of local ward members and citizens on specific policy issues or outcome areas, supported by strong local relationships.
6. A broad set of strong relationships with all sectors and trades unions to encourage everyone to play their part in delivering the ambitions, linked to a strong, enabling culture change programme.
7. A clear asset management plan to maximise the economic and social impact of council owned land, buildings and public space.
8. An agreed and well-functioning Core Strategy with sufficient new homes for all local people.
9. International engagement and links with other cities to generate economic benefits.
10. Transparent and fair information sharing with third sector groups on the impact of reduced budgets.

The LGA will seek to engage with the Welsh Local Government Association and the Convention of Scottish Local Authorities in this development.



## Glossary

### Barnett formula

The Barnett formula is a mechanism used by Treasury in the United Kingdom to adjust the amounts of public expenditure allocated to public services.

### Beecham Review

Review carried out by Sir Jeremy Beecham, who conducted the year-long inquiry for the Welsh Assembly Government on public services. Beecham's report, **Beyond boundaries**, published July 2006 recommended the introduction of Partnership Action Contracts, based on the English Local Area Agreement model, to foster joint working.

### Business improvement district

A business improvement district (BID) is a defined area within which businesses pay an additional tax or fee in order to fund improvements within the district's boundaries.

### City Deals

City Deals are central government's chosen route for implementing greater devolution to English cities. Discussions began in autumn 2011 with the eight Core Cities. In late 2011 the government published **Unlocking Growth in Cities**, which sets out the parameters for City Deals.

### Civic enterprise

Civic enterprise is a new leadership style for local government where councils become more enterprising, businesses and other partners become more civic, and citizens become more engaged.

### Civic enterprise network

The network is created by local civic entrepreneurs working together for the collective good of their local communities.

### Civic entrepreneurs

Civic entrepreneurs help communities collaborate to develop and organise their economic assets and to build productive, resilient relationships across the public, private, and civil sectors. They forge the ties that bind economy and community for their mutual benefit.

### Combined authority

A combined authority is a sub-regional structure designed to support the effective delivery of sustainable economic development and regeneration. Combined authorities can, in addition, be given the same transport functions that are available to integrated transport authorities (ITAs). Combined authorities operate within the wider framework of national policies, regional strategies and sustainable community strategies. The **Greater Manchester Combined Authority (GMCA)** was established on the 1 April 2011 and is the first combined authority in the UK.

### Commissioning

Commissioning is the process of ensuring that services are provided effectively and that they meet the needs of the population. It is a complex process with responsibilities ranging from assessing local population needs, prioritising outcomes, procuring products and services to achieve those outcomes and supporting service providers to deliver outcomes for individual service users.

### Community Budgets

A Community Budget gives local public service partners the freedom to work together to redesign services around the needs of citizens, improving outcomes, reducing duplication and waste and so saving significant sums of public money. The first phase of Community Budgets focused on families with multiple problems. These pilots will look at how we might extend that focus to whole budgets in a place.

### Community Infrastructure Levy

The Community Infrastructure Levy is a new levy that local authorities in England and Wales can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the council, local community and neighbourhoods want – for example new or safer road schemes, park improvements or a new health centre. The system applies to most new buildings and charges are based on the size and type of the new development. The **Community Infrastructure Levy (Amendment) Regulations 2011** came into force on 6 April 2011.

### Core strategy

A core strategy is a document that local authorities devise which sets out long-term strategic planning policies for an area, most notably the overall level of different types of development.

### Dilnot

The **Dilnot Commission** is the commonly known name used for the Commission on Funding of Care and Support which was launched on 20 July 2010. The Commission was chaired by Andrew Dilnot with Lord Norman Warner and Dame Jo Williams as fellow Commissioners who were tasked by the government with reviewing the funding system for care and support in England. The report **Fairer Care Funding** was published providing advice and recommendations on how to reform the system to government on 4 July 2011.

### Good growth

The concept of good growth reflects the wider view that the public take of the concept of economic success. For them it depends not only on creating jobs that enable their bills to be paid, but also on issues such as work-life balance, health and housing, and other elements which are seen as critical components of good economic performance. The work has been carried out by Demos and PwC **Good growth, a demos and PwC report on economic wellbeing** and was published last November.

### Health and Wellbeing Board

Health and wellbeing boards are a forum for local commissioners across the NHS, public health and social care, elected representatives, and representatives of **HealthWatch** to discuss how to work together to better the health and wellbeing outcomes of the people in their area.

### Local Enterprise Partnership

Local Enterprise Partnerships (LEP) are led by local authorities and businesses across natural economic areas. They provide the vision, knowledge and strategic leadership needed to drive sustainable private sector growth and job creation in their area.

### Marmot

In November 2008, Professor Sir Michael Marmot was asked by the then Secretary of State for Health to chair an independent review to propose the most effective evidence-based strategies for reducing health inequalities in England from 2010.

The **Fair Society Healthy Lives** report, was published in February 2010, and concluded that reducing health inequalities would require action on six policy objectives:

1. Give every child the best start in life
2. Enable all children, young people and adults to maximise their capabilities and have control over their lives
3. Create fair employment and good work for all
4. Ensure healthy standard of living for all
5. Create and develop healthy and sustainable places and communities
6. Strengthen the role and impact of ill-health prevention.

### Municipal bonds

A debt security issued by a state, municipality or county to finance its capital expenditures. Municipal bonds are exempt from federal taxes and from most state and local taxes.

### New Homes Bonus

The **New Homes Bonus** is an incentive for local authorities to build new homes. The government provides additional funding for new homes by match funding the additional council tax raised for new homes and empty properties brought back into use for the following six years. An additional amount is given for affordable homes.

### Outcomes based investment

Outcomes based investment is when public sector commissioners commit to pay for significant improvement in social outcomes (such as a reduction in offending rates, or in the number of people being admitted to hospital) for a defined population.

### Public services network

The public services network has evolved into the **Government Procurement Service**, an executive agency of the Cabinet Office. Their overall priority is to provide procurement savings for the UK Public Sector as a whole and specifically to deliver centralised procurement for UK government departments.

### **Public Works Loan Board**

The **Public Works Loan Board** (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

### **Restorative approach**

This is a practice used in the justice system as well as in educational settings to resolve a conflict or a problem between individuals. Those who have been affected by the actions of another meet with that person and explain how their actions have impacted on them.

### **Restorative Practices**

Restorative practices is a social science that studies how to build social capital and achieve social discipline through participatory learning and decision-making. Restorative practice involves proactively building relationships and a sense of community in a locality to prevent crime and wrongdoing. If a problem does occur community members who have no real emotional stake in the incident will meet with offenders but the victims and their families will not be involved.

### **Results based accountability**

Results based accountability (also known as Outcomes based Accountability) is an approach to planning services and assessing their performance that focuses attention on the results – or outcomes – that the services are intended to achieve.

### **Section 106**

Section 106 (S106) of the Town and Country Planning Act 1990 allows a local planning authority (LPA) to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement.

These agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing.

### **Smart cities**

A smart city applies advanced information technology, analytics and systems thinking to improve how it works and how it stimulates a thriving, knowledge-driven economy.

### **Social infrastructure**

Social Infrastructure refers to assets and systems that accommodate or are used to help deliver social services. Examples include schools, universities, hospitals, prisons and community housing. It does not typically refer to people such as teachers and doctors.

## List of Contributors:

Adrian Waite (AWICS Limited), Alex Fox (Shared Lives Plus), Alex Stobart (MyDex), Association of Chief Executives of Voluntary Organisations, Ben Lucas, Paul Buddery, Henry Kippin (2020 Public Services Hub at the Royal Society of Arts), Ben Page (Ipsos MORI), BEST, Brendan Barber and Bill Adams (The Trades Union Congress), Bristol City Council, BTCV, Cardiff Council, Catherine Staite and Karin Bottom (INLOGOV, The University of Birmingham), Chorley Borough Council, Chris Murray (Core Cities), City of Lincoln Council, Clare Warren (West North West Housing), Clive Mitchell (Involve), Commission for Rural Communities, Councillor Driver (Leeds City Council), Councillor Illingworth (Leeds City Council), Councillor Martha Wardrop (Glasgow City Council), Councillor Ron Grahame (Leeds City Council), Daniel Goodwin (St Albans City and District Council), David Eccles (Numiko), David Smith (Leeds Voice), Dermot Finch (Fishburn Hedges), Douglas Carnegie, Duncan Kerr, Ed Balls MP, Ed Cox (IPPR North), Essex County Council, Eugene Sullivan and Malcolm Botting (The Audit Commission), Fabian Hamilton MP, First Magazine, Flintshire County Council, Gateshead Metropolitan Borough Council, Glasgow City Council, Graham Allen MP (Political and Constitutional Reform Committee), Hilary Benn MP, John Battle, John Cridland (The Confederation of British Industry), John Lewis, Julia Unwin, Nancy Kelley, Gordon Hector (The Joseph Rowntree Foundation), Kate McCann (The Guardian Local Government), Kathryn Rossiter (SOLACE), Kevin Morgan (The University of Cardiff), Leeds City Council, Leeds Federated Housing Association, Leeds Housing Forum, Leicester City Council, Liz Goodall and Councillor Webb (North Dorset Council), London Borough of Harrow Council, Lynne Winstanley (NHS Institute for Innovation and Improvement), Manchester City Council, Micah Gold (Micah Gold Associates), Mike Chitty, National Association for Voluntary and Community Action, NESTA, New Start Magazine, Newcastle City Council, Norman MacLeod, North Lanarkshire Council, Northern Housing Consortium, Nottingham City Council, Oldham Metropolitan Borough Council, Paul Hackett (The Smith Institute), Peterborough City Council, Phil Teece (The Participatory Budgeting Unit, a project of Church Action on Poverty), Public Sector Strategies, Rachel Reeves MP, Rebecca Malby (Centre for Innovation in Health Management Leeds University Business School), Richard Lewis (Town Centre Securities), Rob Greenland and Gill Coupland (The Social Business Brokers), Rob Wolf (Construction Leeds), Roger Marsh, Bev Lockwood (PwC), Ronald Smith, Rushmoor Borough Council, Scott Dickinson (Scott Dickinson & Company Ltd), Simon Costigan (Aire Valley Homes), Sir Merrick Cockell, Carolyn Downs, Caroline Green (The Local Government Association), Sir Rodney Brooke (Leeds Theatres Trust), Slava Biikhovsky (Wikivote), SOCITM, Stephanie Burras (Ahead Partnership), Steve Crocker (Leeds Volunteering Partnership), Steve Freer (CIPFA), Sunderland City Council, Test Valley Borough Council, The Association of Directors of Adult Social Care, The Department of Local Government and Communities, The GMB, The London Borough of Redbridge, The New Local Government Network (NLGN), The Rt Revd John Packer and Reverend Kathryn Fitzsimmons (Diocese of Ripon and Leeds), The University of Leeds, Tim Gilling (The Centre for Public Scrutiny), UNISON, West Sussex County Council, Westminster City Council, Wiltshire County Council.

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Website: [www.civicerpriseuk.org](http://www.civicerpriseuk.org)

Knowledge Hub: [www.knowledgehub.local.gov.uk/group/futureoflocalgovernmentacivicerpriseapproach](http://www.knowledgehub.local.gov.uk/group/futureoflocalgovernmentacivicerpriseapproach)

Twitter: @civic\_uk

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