**Voluntary Sector Review**

**New 'New Localism' or Emperor's New Clothes: diverging local social policies and state-voluntary sector relations in an era of Localism**  
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| Full Title: | New 'New Localism' or Emperor's New Clothes: diverging local social policies and state-voluntary sector relations in an era of Localism |
| Article Type: | Policy review |
| Keywords: | Localism; devolution; governance; voluntary organisations. |
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| Abstract: | This paper aims to examine what the policy, practice and academic implications are of England becoming a container of diverse social policies as a result of the implementation of policies of Localism. Through a case study of Greater Manchester (GM) it addresses the implications for the local voluntary sector. GM is a key example of an ambitious local public sector assemblage that is attempting complex, large-scale policy implementation in the context of greater devolution. |

**Order of Authors Secondary Information:**

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Like its predecessors, the UK Coalition government has promoted a new wave of localism in policy-making, democratic deliberation and the delivery of public services (Deas et al., 2012; Clarke and Cochrane, 2013). It introduced the Localism Act in 2012, and has also promoted an economic development agenda partly based on the idea of ‘rebalancing’ the UK’s London-centric economy through new local authority-private sector ‘Local Enterprise Partnerships’ (LEPs), city deals, and support for combined authorities (CAs) at city-region level (Bentley and Pugalis, 2013). The devolution debate has been given renewed impetus by the fall-out from the close (55-45%) Scottish Independence referendum in September 2014 which at the time of writing seems set to have far-reaching consequences for potential devolution of powers to local areas in England. Indeed, in November 2014 the Government announced that it plans to adopt a radical devolution programme to combined authorities starting with the election of a Mayor of Greater Manchester. This programme will grant powers that go beyond those granted to the Mayor of London and may include control over an integrated health and social care budget dependent on Greater Manchester making a convincing business case.

This paper aims to demonstrate, through a brief overview of the Coalition government’s Localism policy agenda, and consideration of the Greater Manchester (GM) city region as a case study area, that localism has important implications for voluntary sector organisations (VSOs). In particular, we suggest that VSOs play a difficult and conflicted role in mediating the tensions and contradictions created by ‘Localist’ policies, and may be struggling to meet the expectations placed on them in the context of the Big Society and Localism agendas as well as the apparent retrenchment and withdrawal of the state from welfare provision. In particular, the case study discussion focuses on the implications for VSOs of Greater Manchester’s Public Sector Reform (PSR) programme, assuming, that, as is intended, devolution allows for the extension and development of this programme.

A new ‘New Localism’?

Following its formation in May 2010 the Conservative-Liberal Democrat Coalition government, against the backdrop of the 2007/08 financial crisis, immediately set out an ‘austerity’ policy agenda based on deficit reduction through major spending cuts which would hit local government particularly hard. Two policy ideas developed during opposition – those of Localism and the ‘Big Society’ – were rapidly unrolled, both aiming in slightly different ways to devolve control of social policy, socio-economic development and civic renewal away from the state to a more local level – based on principles of localising power and funding, reducing ‘burdens’ and regulation, and encouraging diversity of provision and local innovation (Alcock, 2010; Stoker and Taylor-Gooby, 2011). The Localism Bill, introduced in 2010, represented a potentially radical moment for localism: “stripping away much of the regulatory infrastructure governing local authorities and creating a general power of competence for local government, strengthening community accountability through referendums and other devices, and empowering communities to take over state-run services” (Lowndes and Pratchett, 2012, p 26).
As a number of commentators have suggested, the combination of spending cuts, a new and potentially radical localism and the clear rhetorical relaxation of central government attitudes to (potentially emergent) pluralism and spatial differentiation has the potential to allow (or even force) greater innovation and therefore greater differentiation in social policy characteristics and content between different places (see for example Deas et al., 2012). As Lowndes and Pratchett put it, the “Coalition’s ‘sink or swim’ approach to localism diverges significantly from that of New Labour… [which was] always hedged by the desire to retain control over significant public investments, and to maintain principles of standardisation and equity over and above those of diversity and local control.” (Lowndes and Pratchett, 2012, p 37, emphasis added).

However two aspects of the debate may have hindered a fuller interpretation of the consequences of the policy of Localism. Firstly, we note that – despite the admittedly variable and halting real progress towards localism in practice – much debate is still presaged on the normative assumption that the national (that is, English) scale is the primary scale for policy-making. If a new era of ‘radical localism’ comes to pass it will be important to take seriously the development of locally tailored and designed social policy, albeit within the context of a still relatively centralised state and where there is complex multi-level governance. In taking policy-creation and implementation at the GM level seriously in this paper, we begin to redress the balance. Secondly, we argue that the role, demands of, and requirements placed on the voluntary sector have tended to be downplayed or even ignored by researchers interested in issues of spatial governance on the one hand or Social Policy on the other. This is despite the fact that the voluntary sector plays a significant role in both developing, negotiating and dealing with the consequences of social policies developed at a variety of scales. We therefore aim to address this neglect by considering the impact of localism on the voluntary sector, while paying heed to the wider context in which the sustainability of the sector – given multiple resource constraints – is in doubt.

Thus overall our broad concern is to address what the policy, practice and academic implications are if England becomes a container of diverse social policies applying to a range of spatial scales (e.g. city region, local authority, neighbourhood). We explore this by focussing on GM and in particular the implications for the local voluntary sector. We aim to show that GM is an exemplary case study: it demonstrates how an ambitious local public sector assemblage is attempting complex, large-scale policy implementation in the context of greater devolution to the city-regional scale.

**Public Service Reform in Greater Manchester**

*The development of local social policy in GM*

Greater Manchester (GM) contains 2.68 million people and comprises the ten boroughs of Manchester, Rochdale, Oldham, Wigan, Salford, Stockport, Trafford, Tameside, Bury, and Bolton. Collectively they have maintained a semblance of metropolitan governance through the Association of Greater Manchester Authorities (AGMA) and more recently achieved, in 2011, the status of Combined Authority, joined by four others in 2014. The context of austerity has increased pressures on the 10 local authorities to seek economies of scale...
by centralising functions and collaborating in commissioning public services. To some extent, and with much diminished resources, AGMA and its associated agencies have taken over the strategic role formerly done on a regional basis by North West Development Agency (abolished in 2011) and now negotiate directly with central government.

Because GM has already received extensive coverage for its insistently entrepreneurial governance reforms (see Harding et al., 2010; Rees and Lord, 2013), we focus here on the potentially radical and transformational approach to the delivery and management of welfare services. Crucially, GM has taken a single-minded and distinctive approach to what it sees as the mounting crisis in welfare services: massive increase in need at the same time as decreasing resources. The approach is spearheaded by New Economy, a sort of think-tank cum quasi-executive agency for Greater Manchester, alongside senior officers for the 10 LAs that make up AGMA together with other public sector agencies such as GM Police, the Crime Commissioner and the newly reformed local NHS.

Greater Manchester is also one of the 4 areas of the UK selected to trial Whole Place Community Budgets alongside Essex, West Chester and ‘London Tri-Borough’. Community Budgets is described as a partnership between these areas and national government in co-producing more efficient welfare services through pooling budgets between public authorities and using tools such as ‘customer journey mapping’ and ‘cost-benefit analysis’. They are an explicit attempt to produce local solutions, but within an ideological framework set by national government.

At its heart, GM’s proposed solution to dealing with diminishing resources is to increase the efficiency of welfare services, and to stem future demand. Part of its diagnosis is that there is a systemic problem in the way that services approach social problems. The benefits from an innovation in one part of the system should accrue to other parts of the system, but there is no effective feedback loop of innovation and each of the public authorities continue to plan and operate in isolation. Thus the remedy is to implement a joined-up approach to the needs analysis, planning and commissioning of new services for the area.

So far there is little that departs from the script generated by a decade or so of academic, think tank and Government-sponsored research around public service system reform. Governmental initiatives have identified the need for a joined up approach not least the Total Place Initiative begun by New Labour, which aimed to identify and quantify the public funding streams going into an area and how they might be combined and used in ways that generated savings in the longer term. Other examples include Civil Service generated concepts such as ‘save to gain’, the early action/intervention philosophy underpinning the Allen Report and the subsequent Early Intervention Foundation (Allen, 2011), as well as the theory of change that underpins social impact bonds (SIBs).

However, there are some important nuances and developments in the way that GM is pursuing public services and welfare reform. The approach is based on an economic model of efficiency with cost-benefit analysis (CBA) at its heart. The model was developed by New Economy economists and agreed with 12 government departments. Initially, 4 ‘problem areas’ were initially identified as
the focus for Public Services Reform (PSR):

1) *Troubled Families*: Reducing the cost to the public purse of a number of families that are high users of public services.

2) *Health and Social Care*: Integrated working that increases resilience and promotes independence.

3) *Transforming Justice*: Reducing levels of crime by focusing on services for priority and prolific offenders.

4) *Early Years*: Increasing the number of children who arrive at school ready to learn.

For each problem area a new delivery model (NDM) has been created based around a number of targeted and evidence-based interventions, which it is hoped will bring about ‘transformational change’ within a small number of years. The predicted savings arising from the interventions will be used to develop a business plan (investible proposition) to raise investment from central government to fund the transitional costs. As well as paying back the investment the business plan will enable welfare services (at least those within the aegis of the ‘family’ of Greater Manchester public bodies) to deliver better services with less money.

PSR involves using money differently, investing in tried and tested ways of working, which deliver a return on investment, which in turn can then be re-used. (MCC, 2013, p 2)

The most advanced of the PSR streams is Troubled Families due to central government investment (HM Government, 2014). The focus of the programme is a “defined cohort” of the “most troubled” individuals or families who are high cost to local public bodies. Each individual family who is referred to the programme is allocated a key worker who makes an assessment and offers a range of Tier 1 “interventions” (assertive outreach, parenting team, family intervention project, families first) which are carefully “sequenced” (delivered at the right time in the right order) and supported by a number of Tier 2 interventions (In Manchester many of these are spot purchased from VSOs to make sure they are available at the point they are needed) – see Figure 1 for illustration of the model.

Fundamental to the approach is the seamless referral to services, through improved sequencing and prioritisation of cases. (MCC, 2013, p 4)

Figure 1 here.

The programme is evaluated by the use of randomised control trials, in which one area of GM operating ‘business as usual’ (BAU) services is compared to the NDM being operated in another location within GM. The Greater Manchester Troubled Families Impact and Evidence Toolkit (AGMA, 2014) is employed, again based on a CBA model, to demonstrate the financial “evidence of [financial] savings” accrued by the programme.

This article does not aim to assess the Troubled Families Programme in GM, but to focus on the participation – or rather, barriers to – of VSOs as
stakeholders in reform and the implications of such potentially radical changes to the nature of welfare provision.

The implications of PSR for the voluntary sector

There are several problematic areas in the Troubled Families approach that militate against the involvement of VSOs and this article concentrates on three: the appearance of ‘central planning’ at a GM Level, the privileging of forms of evidence in the design and evaluation of policy success, and shortcomings in the theory of change underpinning the model. None of these are new problems in VSO involvement – either at the local level or more nationally – but they have been brought together in a specific way within the Troubled Families Programme such that it may have significant implications for the future involvement of VSOs in GM’s approach to PSR.

i) ‘Central Planning’ at a GM Level

The Troubled Families approach was developed at Greater Manchester level by the public sector, primarily local authorities, led by the PSR team based within New Economy. This small team, within a very short period, and with little public or VSO scrutiny and involvement designed a radically new approach to key problems using a technocratic, centralised planning model. As one would expect the language used in the planning is highly jargonised, specialist and difficult to understand for most VSOs.

Few VSOs have networks of influence that extend beyond their local borough and those that do tend to be national bodies. There are only a small number of VSOs that are solely Greater Manchester focused. Local VSOs and infrastructure bodies, principally Councils for Voluntary Service (CVSs) have been slow to understand and react to the shift of power and decision-making to the GM level, and their capacity to react and influence has been exacerbated by spending cutbacks, as well as, arguably the longer-term weaknesses associated with voluntary sector infrastructure bodies. In the case of PSR the scale of the crisis facing public bodies was used by the PSR team to explain why there had been so little involvement or consultation, however this is in a context where democratic involvement at GM level from civic society organisations is still relatively under-developed.

ii) Privileged forms of evidence

The Tier 1 interventions within the Troubled Families Programme are chosen on the basis of an evidence hierarchy. At the top of the hierarchy is randomised control trials carried out in the UK less than a year ago. This type of evidence is estimated to have a data error of 2 per cent, which feeds into the predicted fiscal impact (money saved to the state) using cost benefit analysis. At the bottom of the hierarchy is uncorroborated expert judgement more than 5 years old which is essentially useless as it has an estimated data error of 40 per cent. New Economy run a cost benefit analysis network and regular training sessions to enable both VSOs and statutory bodies to estimate the fiscal impact of their services.

Leaving aside the contentious idea of an evidence hierarchy there is a central problem for VSOs in the theoretical construct of an ‘intervention’, a tightly
defined set of practices codified in a manual, backed up by a set of professional standards, which is transferable and reproducible. Many VSOs do not describe the work they do as interventions and find it difficult to parcel up their services in this way. They tend to constantly morph the work they do to fit the particular context of both the service and the individual they are helping, as well as trying to modify the external service environment for the benefit of the client.

Secondly, even where the services that a VSO provides can be parcelled up into interventions, few if any VSOs have the resources, time or expertise to carry out randomised control trials. Where monitoring and evaluation is carried out it tends to be relatively unsophisticated and rely on user feedback, case studies and small numbers of clients. The standard being used is simply too difficult for VSOs to meet so all but the largest are unable to participate. The evidence that they do have which shows high levels of impact and success are dismissed as they do not rate highly in the evidence hierarchy. New “evidence-based” interventions are preferred to existing working models. “What works” is restricted to “interventions” where there is “high quality” research evidence.

iii) Theory of Change

The theory of change underpinning the PSR model, as defined in the NDM for the Troubled Families Programme, in common with other pathway models, resembles an industrial process - this is not to suggest that key workers working in the programme treat their clients as if they were objects. It is a description of the theoretical model not the practice. A troubled family enters at one end as a set of needs, each of the needs is defined and separated and an appropriate intervention found to solve each need. The process is made more efficient through prioritisation, sequencing and focusing on those most in need. The ‘troubled family’ is de-contextualised, in particular from communities of geography and identity. The model could apply anywhere with any community, it is not a locally based solution.

It is difficult to see how local VSOs who work within a particular geographical community or with a particular community of interest fit within the model, instead they are viewed in an instrumental manner as external points of referral. Their models of work, based often on a deep and rich understanding of the environment and identity of a troubled family or individual, and on a recognition of the structural and systemic inequalities that they face, is at odds with the decontextualized, problem-based, ‘industrial’ process model of the Troubled Families Programme. Some of the solutions may be the same, if a person has debt problems then these need to be sorted out, however, local VSOs often have an emphasis on linking the person back into their communities, an approach that depends on highly localised knowledge and networks. The models of change are conceptually and practically different.

Discussion and conclusion

We characterise what has been developing in Manchester as a form of city-regional localism in which civic (elite) entrepreneurs have been able to develop their own forms of local solutions in the generally permissive policy environment of Localism. The most recent announcement of the intention to create a Mayor of Greater Manchester and to devolve a raft of powers to the city-region further
reinforces the trend toward city-regional localism and demonstrates, we believe, the potential for further divergence in real social policies between metropolitan areas. This will, in effect, be the proof of the localist pudding. GM hopes it will be the platform for extending and developing the GM Public Services Reform Model, particularly as the decentralisation of health and welfare spending will depend on a business case underpinned by the various technocratic models described above.

However, as the example of the Troubled Families programme – crucially, a nationally developed and funded package which has been tweaked and redesigned through the very specific policy-making apparatus at the GM level – shows, there are real dilemmas and barriers facing the voluntary and community sector. This matters because the voluntary sector is both being recruited as part of the reform efforts, and at the same time its functions and existing contributions to social welfare are being taken for granted by the public sector, chief among them AGMA, MCC, New Economy, and its close partners. To date Troubled Families is perhaps the most significant experiment in public sector reform attempted at a city-regional level, and demonstrates many of the difficulties facing the local voluntary sector. It is a flagship programme intended to demonstrate the potential for increased efficiency of statutory services, likely to be at the core of GM’s argument to devolve further powers over health and welfare spending.

Yet VSOs in Manchester had little involvement in the planning, in general do not understand the model, feel alienated by the technocratic language and only have a peripheral role in its delivery. Rather than supporting the work of local VSOs, building on what they do, and valuing the evidence they produce, the Troubled Families Programme is a centrally planned, problem-based, key-worker model. Like the rest of the PSR, it is underpinned by mechanistic logics of cost-benefit analysis and specific forms of research-quality evidence. In its technocratic and abstracted policy formulation, VSOs and the community are considered part of an external environment and, arguably, part of the problem rather than the solution.

CVSs traditionally act as the mediators between the state and VSOs and there has been some involvement both at GM and Manchester levels, however, even the CVSs found the model and language difficult to understand and could not see how to involve VSOs in an approach where the pattern of services was pre-determined and did not include existing working services (except where they could provide evidence of their effectiveness at a level which very few or no local organisations could provide). The scale, rapidity, complexity and the model of change mean that CVSs struggle to involve VSOs or even keep them informed.

Large VSOs may benefit from the PSR programme as they are able to operate at larger scale, have the capacity to collect and wield evidence, and to bid for contracts, as long as they are willing to adopt the approach of PSR. To some extent a city-regional localism may help them to simplify and streamline their relationships with civic governance. They will only have to maintain relationships with officers and politicians working at a GM level rather than with officers and politicians in every borough.
However, it is difficult to see how any of these benefits might accrue to small and medium-sized VSOs working in health and social services, the very organisations that have traditionally played the greatest role in local service delivery. They do not operate at a GM level and to do so might well destroy much of their value. Often they have strong and well-formed ideas about the needs of specific communities that conflict with the laissez-faire approach of the hyper-local policies exemplified by the Localism Act and also clash with city regional localism, exemplified in this article by the evidence-based, targeted approach of the GM PSR programme. They are contradictorily portrayed as old-fashioned and insufficiently innovative while at the same time extolled as a vital part of the civic infrastructure that will fill the gaps left by retreating public services. CVSs similarly are caught between these different forms of localism in playing their mediation role, struggling to explain the relevance or local impact of PSR to smaller VSOs, or its rationale and how they might fit in to larger ones.

Devolution of powers and finance to GM has been lauded as a part of the solution to the fiscal and social problems besetting the city-region, and it has allowed the Coalition to position itself as serious about localism and devolution. In GM, the clear signs are that what has been developing is an elite, technocratic, and insufficiently democratic version of city regional localism, as opposed to the Big Society-esque vision of creative, locally-developed, autonomous solutions situated in harmonious arrangements of civil society, slimmed down state, and private sector that was envisioned in the policy formulation of Localism. Our experience and previous research suggests that other cities follow and lag developments in Manchester, albeit within their own specific local political configurations, political-cultural traditions, and local government-civil society relationships. We suggest therefore that policy-makers, practitioners and scholars in spatial governance, social policy, and voluntary sector studies, need to take seriously the implications of different forms of Localism, and carry out grounded research into its manifestations.

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Figure 1: Taken from the Greater Manchester Troubled Families Model, Source: http://www.manchester.gov.uk/manchesterpartnership/downloads/file/228/troubled_families_programme_presentation, accessed 9.11.14