New 'New Localism' or Emperor's New Clothes:
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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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| 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. |

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New ‘New Localism’ or Emperor’s New Clothes: diverging local social policies and state-voluntary sector relations in an era of Localism

Like its New Labour predecessor, the UK Coalition government has promoted renewed 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 tight (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 combined authorities 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 rolled out, 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. These were 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, subsequent critics have pointed out that despite the opportunities and potential inherent within this generally permissive overall policy environment there are some critical barriers to its realisation. For Padley (2013), in order for decentralisation and community empowerment to be successfully delivered, they need to be “undergirded by significant levels of social trust [based on] collaboration and co-production” (p. 351). For others, noting particularly the context of resource scarcity, there are clear risks in extending (central) government control into previously autonomous domains in civil society (Milbourne and Cushman, 2014), and diminishing local government’s role as an arbiter of competing local interests (Ishkanian and Szreter, 2012).

However, in this paper we draw attention to two aspects of the debate we feel 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 conceptual, policy, and practice implications are if England is to become 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. The case study draws particularly on the experience of one of the authors in his employment in a
Manchester voluntary sector infrastructure body, an organisation which is closely involved in mediating the implementation of PSR. Thus it is essentially rooted in ‘participant observation’ of the process: attending numerous presentations and meetings concerning various elements of the PSR programme, taking part in cost benefit analysis training, and organising a number of workshops for VSOs about PSR. The case study is underpinned by in-depth personal experience and dialogue with other local actors. Both authors have also attended ‘high level’ GM meetings and read a wide range of associated documents, some of which are referenced in the article.

**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 (MIER, 2009). 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’s economists and agreed with twelve government departments. Initially, four ‘problem areas’ were 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 (RCTs), 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

In our opinion, 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 certain forms of evidence over others 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 we believe 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 a result the
language used in the planning is jargonised and difficult to understand for
many, if not most VSOs.

Many smaller VSOs are relatively isolated and lack networks of influence that
extend beyond their local borough – those that do tend to be national
organisations with local branches. Equally, there are only a small number of
VSOs that operate specifically at the Greater Manchester scale, and whose
footprint therefore matches that of the GM institutions. 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 and reduced capacity. 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 civil society organisations has been
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, and likely
will continue to be, 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 tailor the work they
do to fit the particular context of the individual they are helping (for example
adopting an ethos of person-centredness), as well as attempting to modify the
external service environment for the benefit of the client (for example adopting a
model of creating seamless or wrap-around services). There are parallels, too,
with the observations of inflexible or excessive audit and performance targets re-shaping organisations’ activities (Power, 1999).

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 RCTs. 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 can provide which shows high levels of impact and success, is invariably dismissed as it does not rate highly in the evidence hierarchy. New ‘evidence-based’ interventions are preferred to existing working models. ‘What works’ is restricted to specified interventions which are accompanied by ‘high quality’ research evidence. Although it is beyond the scope of this article, the use of RCTs in social contexts – where environmental influences are difficult to control – has also drawn criticism, and attention has been drawn to problems involved in rigid adherence to evidence hierarchies (Nutley et al., 2012).

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 involved in the programme treat their clients as if they were objects, rather, it is a metaphor of the theoretical model. A ‘troubled family’ enters at one end as a set of needs; each of the needs is defined and separated; and an appropriate intervention is found to solve each need. The process is made more efficient
through prioritisation, sequencing and isolating the pre-defined symptoms of those most in need. The ‘troubled family’ is de-contextualised, in particular from communities of geography and identity. The model could apply anywhere, in any community and 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 holistic 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 achieve similar ends, for example, if a person has debt problems then these need to be resolved. However, local VSOs often place emphasis on linking the person back into their communities, an approach that depends on highly localised knowledge and networks, ultimately resulting in more sustainable solutions. The models of change are conceptually and practically different.

Discussion and conclusion

A central point of this paper is that there is no one version of localism. Indeed, this arguably hints at the Coalition’s underpinning motivation for pursuing localist policies: weakening mechanisms for national redistribution and spatial justice (Lowndes and Pratchett, 2012). But the Coalition vision of localism is overlaid on already-existing forms that have strong forward momentum. We
argue that GM is the foremost example of this and we characterise its approach as *city-regional localism* in which civic entrepreneurs have been able to develop their own forms of local solutions in the generally permissive Coalition policy environment. 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. If it comes to pass it will, in effect, be the proof of the localist pudding. Senior leaders and officers within GM hope 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 highly specific policy-making apparatus at the GM level – shows, there are real dilemmas and barriers facing the voluntary and community sector, with significant consequences for the nature and quality of services that can be delivered. 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 city-regional policy-makers, chief among them New Economy, AGMA and their close partners. At the same time, the expertise for which the sector is being sought is being undermined by the nature of the reforms. Troubled Families 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.
We have demonstrated that VSOs in Manchester had little involvement in the design and planning phase, in general do not understand the model, feel alienated by the technocratic language and criteria, and only have a peripheral role in delivery. Rather than supporting the work of local VSOs, building on what they do, and valuing the service evidence that 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 narrow, measurement-based forms of research-quality evidence. Within the discourse created by this technocratic policy approach, VSOs and the community are considered to be part of an external environment, as subjects to be manipulated rather than as potential partners to be worked with – as envisaged in the concept of co-production (Padley, 2013). These tensions, added to more general pressures such as the workforce implications of the more widespread adoption of spot contracting, raise pressing questions about the ability of VSOs in the area to contribute to the longer-term maintenance of effective services that create meaningful outcomes for clients and citizens more broadly.

Infrastructure bodies, principally local councils for voluntary service (CVSs) traditionally act as the mediators between the state and VSOs, but even staff within CVSs have found the models and language associated with PSR difficult to understand and have struggled to involve VSOs in an approach where the pattern of services was pre-determined and invariably excluded existing working services. There are limited exceptions for organisations able to provide evidence of their effectiveness in the forms required but this applies to few local providers. Large VSOs may have the capacity to benefit from the PSR
programme: their scale of operation allows them to collect and wield evidence and bid for large contracts, and some may be willing to align with the PSR approach. To some extent a city-regional localism may help them by simplifying their relationship with a streamlined governance body (compared to having to maintain relationships with officers and politicians in all ten boroughs). In contrast, it is difficult to see how small and medium-sized VSOs working in health and social services – traditionally a crucial part of the local service landscape – can engage successfully. Many of these organisations focus on the needs of communities at a hyper-local level, and are unwilling or unable to bridge to higher scales, in this case to the city-region. They are portrayed as old-fashioned and insufficiently innovative, while at the same time the assumption is that they will be able to respond as required to fill gaps left by retreating public services.

Devolution of powers and finance to GM has been lauded as the solution to the fiscal and social problems besetting the city-region, and its example has allowed the Coalition to position itself as serious about localism and devolution. GM is often portrayed, particularly in Westminster and Whitehall, as a path-breaker that other urban areas should follow. In GM, the clear signs are that what has been developing is an elite, entrepreneurial, technocratic, and insufficiently democratic version of *city regional localism*. This is hardly the Big Society-esque vision of creative, locally-developed, autonomous solutions situated in inclusive, harmonious arrangements of civil society, a slimmed down state and private sector contributions, envisioned in the policy formulation of Localism. The authors’ previous research suggests that other major English cities do indeed imitate and adapt developments in GM, albeit refracted through 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 be alert to the implications of different forms of localism, and carry out grounded research into its manifestations in different places.

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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