

Rt Hon Greg Clark MP
Secretary of State
Department of Communities and Local Government
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03 September 2015

Dear Secretary of State,

Productive Economy, Productive State

In July I wrote to you to set out the views of professional leaders from across local government on the important decisions Government will be making in the forthcoming spending review. As the review prepares to enter this next critical stage I felt it was timely to provide more details of the offer that SOLACE believes Councils are able to make towards the even greater efficiency and effectiveness of local public services, whilst also reiterating our desire to work constructively with Government on its programme of radical transformation.

The fiscal and structural challenges are well documented and it is clear that individual councils will not be able to meet all of their statutory responsibilities or long term objectives unless they take a whole system approach. Our profession's ambition is to develop a 'place-based' partnership between local councils, combined authorities, Government and the wider public, private and third sectors to ensure we are able to innovate and still deliver the outcomes that our local areas prioritise.

It is clear that the current system does not function as it could, and much of this is due to: over-centralised governance; a confused set of financial incentives between local providers; and an over-reliance of national delivery models that constrain and over-regulate delivery at a local level.

The resultant failures created by the system include:

- A mismatch between the supply of skills and the needs of employers hampering growth in many local economies;
- Fragmented, inefficient and poorly sequenced public services which leave too many people trapped in a cycle of dependency, unable to access and progress through work to meet their potential and lead more productive and fulfilling lives;
- Many business struggling to access the right support and regulatory guidance at the right time to help them innovate because of the challenge of dealing with disjointed national, local, public and private business support;

- The inability of a siloed public sector to unlock the potential of sites for development meaning that the supply of new housing is running well below the 250,000 new homes per annum that forecasts suggest are needed to meet new demand;
- The hampering of efforts to stabilise the health and care system because of a hugely fragmented architecture and an inability to access the resources required to pump prime the investment in primary and community facilities that would enable to reconfiguration of local services;
- De-regulated local public transport services that constrain some areas' ability to market public transport as a consistent alternative to travelling by car and limiting authorities' ability to utilise revenues to meet its wider sustainable transport strategy; and
- The determination of priorities for the strategic road network at national level or through Highways England channels that fail to fully take account of local economic priorities or wider local consequences.

Progress has been made across some of these areas in some places. However, we know that there is still much potential that remains untapped and we seek to create a deal with Government that drives forward transformation at greater scale and pace across the sector.

Solace believes that local government is now uniquely placed as the convener of key local public services. By utilising the experience, management skills and innovation of the last five years its membership is able to lead progressive change across a wider range of local services. The financial challenges facing the country can only be solved by a step change in productivity in the wider economy, matched by far greater efficiency in the public sector, and local government is pivotally placed to achieve both.

We would, therefore, argue that the upcoming spending review should establish a deal with the whole local government sector aimed at delivering:

- Financial self-sufficiency across local government by 2025 enabled by incremental fiscal devolution;
- Devolution of local state spending responsibilities to clusters of local councils to drive productivity across all local public services;
- Devolution to clusters of local councils to deliver greater local economic growth and productivity.

This is not to say that all local public services have the capacity or capability to transform at the same time. We see this as an opportunity to agree the fundamental principles that need to underpin devolution and sector change, and to set a gold standard to which all should aspire. But as each area and organisation will start from a different place, they will also progress at differing rates, but we feel it is important that they all - with Whitehall - share high ambition.

The appendix to this letter outlines the key measures that would enable councils both independently and working together to achieve these objectives. SOLACE believes that by prioritising these reforms, the Government will be able to deliver its medium term financial plan, but also be confident of reform to how local services are funded to ensure they are on a more accountable and sustainable long term footing.

We are clear that the only way to deliver the public services that the nation requires is through the radical reform of the way they are provided and paid for, and it is important that the professional leaders of the sector, who will drive the change, engage with you in its planning. This will include difficult discussions about resources, service re-design and structural re-organisation, but they cannot be ignored.

We do hope you feel able to reflect these views in your considerations over the coming weeks. I look forward to working with you

Yours sincerely

A handwritten signature in black ink that reads "SA Mark Rogers". The signature is written in a cursive style and is positioned above a solid horizontal line that spans the width of the signature.

Mark Rogers

President of Society of Local Authority Chief Executives and Senior Managers (SOLACE)

Notes:

The Society of Local Authority Chief Executives and Senior Managers (SOLACE) is the professional body representing over 1300 Chief Executives, Senior Managers, Aspiring Managers and Graduates of UK local authorities and other public sector related organisations. SOLACE contributes to and influences the debate about the future of public services to ensure that policy is informed by evidence and the expertise of our members.

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