

The World Will Be Your Oyster?

Reflections on The Localism Act 2011

Chapter Four

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Neighbourhood governance and opportunity missed?
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Neighbourhood governance: an opportunity missed?

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Introduction

Those interested in the potential of neighbourhood governance to improve local democratic governance, by supporting more 'bottom up' involvement and decision making and countering the highly centralised system of local government in England, are likely to have been generally attracted by the Government's the Localism Act which emphasises its commitment to citizen empowerment and localised decision making through a programme of decentralisation. The six 'essential actions' underpinning the Act and associated with securing decentralisation and 'the Big Society' are complementary to a commitment to neighbourhood governance: lifting the burden of bureaucracy; empowering communities to do things their way; increasing local control of public finance; diversifying the supply of public services; opening up government to public scrutiny; and strengthening accountability to local people. In addition the Government tackles head on some of the myths about decentralization that grew up under the New Labour administrations, in particular countering the lazy assertion of decentralisation as generating a 'postcode lottery' in service provision by highlighting the ways in which more localised decision making can generate more informed and appropriate local services – diversity being a conscious choice rather than an unfortunate consequence.

However the detail of the Localism Act provides much less comfort for supporters of neighbourhood governance. To be sure there is one very significant provision in relation to development planning where the Act empowers parish councils, or neighbourhood forums in unparished areas, to grant approval for all but the very large or controversial applications within their areas.¹ Locally generated plans, if approved by a majority voting in a referendum, cannot be varied by the relevant county or district councils. This is a key proposal which has already generated much discussion (see Chapter 10). But beyond this, the Localism Act has very little to say about neighbourhoods and neighbourhood governance. Instead the Act makes repeated reference to 'citizens' 'communities' and 'people', although none of these terms is used with any precision, which is odd given the ambitious claims for the Act presaging a future of 'self-government'. One justification for this lack of precision may be that in our complex and diverse society, any strategies will need to be plural ones, recognising the fact that people inhabit and identify with numerous

¹ This is to be achieved by giving them the power to pass a Neighbourhood Development Order approving a development, which the local Planning Authority (e.g. the District Council) will be obliged to accept, unless there are very clear reasons for not so doing. If a Neighbourhood Development Order is rejected, there is a right of appeal not to the District or County Council but to an individual who must be acceptable both to the applicant and the council.

communities of place, identity and interest. However the Act does not make this simple acknowledgement. Another explanation may be that the multiplicity of terms used belies a particular Government attachment to the idea of citizens as individuals – as tax payers and/or service users – rather than as members of broader communities. This might explain both the negative focus of some of the elements of the Act e.g. vetoing excessive council tax rises, and the emphasis on referenda as mechanisms for expressing citizenship. However the Act does contain important provisions which are focused on collective expressions of local citizenship, whether through the ‘community right to challenge’ or the ‘community right to buy’, though again no indication is given of what constitutes a ‘community’ in either case.

Beyond the questions of who the Act is aimed at and whether or not it matters, there is a broader question of the extent to which the provisions in the Act really do add up to the kind of shift in power to citizens, communities and/or neighbourhoods that is suggested in the headlines. It could be argued that beyond the proposals for neighbourhood planning, some of the more significant proposals for self-government are contained in other legislation or policy documents, and indeed several are referred to in the supporting material that accompanies the Localism Act² including ‘free schools’, the new right to provide afforded to public servants, commissioning at the point of need, and place based budgeting. What is of concern in this chapter is the extent to which an explicit focus on neighbourhoods and neighbourhood governance might generate a more coherent framework for designing new institutional arrangements that can embrace all of the relevant policies and services and offer a more robust foundation to support self-government.

Why neighbourhoods matter

The neighbourhood has emerged as an important component of contemporary multi-level and multi actor governance and evidence from Europe suggests that the ideas and practice of neighbourhood governance are now firmly embedded in public policy systems³. Neighbourhoods represent several distinct, though linked, policy aspirations: for urban revitalisation, service improvement and democratic renewal. Their close proximity to citizens suggests a potential to generate new opportunities for citizens to participate directly in the co-production of particular policy outcomes that matter to them through networks created by the state for the purpose of improved system effectiveness or (less often) via citizen led networks operating outside conventional political systems and structures.

Neighbourhoods are not ‘objective’ entities, but they do share certain key characteristics. According to Lowndes and Sullivan⁴ neighbourhoods:

- Support or shape the development of individual and collective identities;
- Facilitate connections and interactions with others;
- Fulfil basic needs such as shopping, health care, housing and education;

² Decentralisation and the Localism Bill – an essential guide (2010) HM Government

³ Atkinson, R and Carmichael, L (2007) ‘Neighbourhood as a new focus for action in West European states’ in Smith, I., Lepine, E. and M. Taylor eds. *Disadvantaged by where you live?* Bristol, Policy Press, pp 43-64

⁴ Lowndes, V and Sullivan, H (2008) ‘How low can you go? Rationales and challenges for neighbourhood governance’, *Public Administration*, Vol 86, No 1. P54

- Are sources of predictable encounters;
- Have geographic boundaries, the meaning and value of which are socially constructed.

Neighbourhoods may be sources of considerable value for citizens providing a sense of identity, and security as well as offering access to services and decision making. However for many, neighbourhoods are not that significant – their sense of identity and their particular service needs may be met by employment related networks or faith communities, both of which are likely to be located at town or city level. Importantly, for some citizens neighbourhoods may in fact be sources of insecurity and conflict, factors including poverty, disability or discrimination contributing to neighbourhoods being experienced as ‘prisons’. The potential of neighbourhood governance to contribute to democratic local governance will be contingent on whether and how particular neighbourhoods are valued by citizens and communities.

Principles of neighbourhood governance

Lowndes and Sullivan define neighbourhood governance as arrangements for ‘collective decision-making and/or public service delivery at the sub-local level’⁵. They identify four distinct rationales for proposing neighbourhood governance, each containing distinct principles for democratic engagement, service provision and local leadership, a combination of which have informed successive government’s proposals since the 1970s.

Table 1. Forms of neighbourhood governance: four ideal-types⁶.

	Neighbourhood empowerment	Neighbourhood partnership	Neighbourhood government	Neighbourhood management
Primary rationale	Civic	Social	Political	Economic
Key objectives	Active citizens and cohesive communities	Citizen well-being and regeneration	Responsive and accountable decision-making	More effective local service delivery
Democratic device	Participatory democracy	Stakeholder democracy	Representative democracy	Market democracy
Citizen role	Citizen: voice	Partner: loyalty	Elector: vote	Consumer: choice
Leadership role	Animateur, enabler	Broker, chair	Councillor, mini-mayor	Entrepreneur, director
Institutional forms	Forums, Co-production	Service board, multi-actor partnership	Town councils, area committees	Contracts, charters

⁵ *Ibid* p 56

⁶ Lowndes, V and Sullivan, H (2008) *op cit* p 62

The *civic rationale* identifies opportunities for direct citizen participation and community involvement, and distils the insights of classical political theorists like Mill, Rousseau and Tocqueville⁷. Neighbourhood units are physically more accessible to citizens and also contain fewer citizens, making direct participation more feasible as it is easier to distribute information about opportunities for participation and to communicate with citizens about options and outcomes. Citizens have incentives to engage because it is at the neighbourhood level that they consume many of the most important public services, and experience the issues most likely to mobilise them. This provides a platform for empowerment, which aims to increase the citizen 'voice' by developing forms of participatory democracy. However empowerment may go beyond allowing citizens to exercise 'voice and choice'⁸. Neighbourhoods may also be a space within which members of the public 'co-produce' policy and services in and around existing political frameworks. This implies a much more active role for citizens, one which Bang and Sørensen⁹ characterise as the 'everyday maker' - someone working for community well-being but doing so outside established political constructions of citizenship and not confined by ideas that the state may communicate about what it is to be 'empowered'.

Controversially perhaps, neighbourhoods are also more likely to encapsulate homogenous communities and to be characterised by shared values, beliefs and goals. Community cohesion is more likely to emerge as a result of voluntary compliance to informal norms, reducing the costs associated with official enforcement. A key requirement of leadership is to enable all citizens and communities to participate; including involving traditionally marginalised or excluded groups.

The principles and the provisions of the Localism Act tend to align with the civic rationale, particularly through the focus on citizen voice in decision making and the potential for 'co-production' through the 'community right to challenge' and the 'community right to buy'. However the Act does not acknowledge the challenges of exclusion and marginalisation that can exist within neighbourhoods and which may hamper the empowerment of all community members. The Act is also silent on the issue of leadership, specifically the potential role of local councillors as leaders and mediators of different communities' interests and aspirations. Lastly the Act makes no acknowledgment of the fact that citizens and communities may choose to work outside of state sanctioned structures and processes and may see their role as working in opposition to resist the kind of 'empowerment' that is being proposed.

The *social rationale* points to the possibility of a citizen-centred approach to governance, building on the work of Fabians like GDH Cole and contemporary commentators like John Stewart and Dick Atkinson¹⁰. A neighbourhood focus

⁷ J. S. Mill (1974) *On Liberty*, Penguin (first published 1859); J.J. Rousseau (1973) *The Social Contract and other Discourses*, Dent (first published 1762); A. de Tocqueville (1946) *Democracy in America*, OUP (first published 1835).

⁸ Hirschman, A. 1970. *Exit, Voice and Loyalty*. Cambridge, MA: Harvard University Press.

⁹ Bang, H.P. and E. Sørensen. 1999. 'The EM: A New Challenge to Democratic Governance', *Administrative Theory and Praxis*, 21, 3, 325–42.

¹⁰ G. D. H. Cole (1960) 'Democracy face to face with hugeness' in *Essays in Social Theory*, Macmillan; D. Atkinson (1994) *The Common Sense of Community*, DEMOS; J. Stewart (2000) *The Nature of Local Government*, Macmillan

enables governance to be observed from the standpoint of the citizen rather than the politician or the professional - and to design services and decision-making accordingly. Of particular importance is the opportunity to observe how local action may be better 'joined-up' to provide a more integrated approach to citizen well-being. Neighbourhood arrangements offer a reconsideration of public service design around 'life episodes' or the 'life-course' rather than professional demarcations, open up decision making to very local collaboration between citizens and providers and offer ways of viewing and addressing 'wicked' policy challenges (like security and safety) that may otherwise be overlooked.

This rationale supports a form of stakeholder democracy in which members have different kinds of mandate and legitimacy – a source of strength and conflict¹¹ (Hirst, 1994; Lowndes and Sullivan, 2004). The public is one of the stakeholders, linked to the governance process through a relationship of 'loyalty' in which stakeholders expect each other to conduct themselves reliably and honestly. The key leadership roles are those of broker who brings stakeholders together, and the chair who facilitates collective decision-making and arbitrates in the absence of consensus.

The Localism Act says very little that accords directly with this rationale, but the references in the accompanying documentation to place-based budgeting and commissioning at the point of need echo the social rationale's emphasis on integration and joining-up. The potential value of exploring 'life-episodes' and 'wicked issues' from the perspective of the neighbourhood offer a different dimension to how to consider 'place' and to determine what is the appropriate 'point of need' in commissioning terms.

The *political rationale* focuses on improvements in the accessibility, responsiveness and accountability of neighbourhood based decision-making, drawing on arguments made by Plato and continuously updated ever since¹². With direct experience and knowledge of the issues at stake, citizens are able to make informed inputs into policy-making. Neighbourhood leaders are more likely to be known to citizens and they have more opportunities to communicate with them on an ongoing basis and to monitor governance outcomes. Their proximity means that they are more likely to be responsive to citizen views and citizens are better able to hold leaders and service-deliverers to account because their deliberations and actions are more visible, as are the consequences of their decision-making.

The political rationale is part of an attempt to restore trust in government. It focuses on enhancing the representative role of councillors as local leaders by establishing an ongoing dialogue with constituents, advocating for their community, and scrutinising the work of the local authority and other service providers on their behalf.

The Localism Act's focus on improving accountability to local people can be aligned with the political rationale. However the contents of the Act refer to the role of local

¹¹ Hirst, P. 1994. *Associative Democracy. New Forms of Economic and Social Governance*, Cambridge: Polity Press; Lowndes, V. and H. Sullivan. 2004. 'Local Partnerships and Public Participation', *Local Government Studies*, 30, 2, 51–73

¹² R. Dahl (1998) *On Democracy*, Yale University Press; R. Dahl and E. Tufte (1973) *Size and Democracy*, Stanford University Press

councillors hardly at all and certainly not in relation to their role in and around the neighbourhood, nor to accountability being practiced at the neighbourhood level. Where neighbourhood accountability is addressed it is in the radical proposals for neighbourhood planning which seek to offer new powers to existing neighbourhood bodies e.g. parish councils and to facilitating the creation of new ones e.g. neighbourhood forums. No attention is paid to how the existing body of local authority councillors will engage with these new or newly empowered institutions. In addition the Act introduces new provisions designed to enhance accountability that focus on local government and on the police service but which also neglect to consider the likely impact on local authority councillors (and have no neighbourhood dimension).

The *economic rationale* stresses efficiency and effectiveness gains of neighbourhood service delivery. Neighbourhood units are better able to identify and limit waste in organisational processes; they are also better placed to identify diverse citizen needs and provide appropriate services. Neighbourhood governance can exploit economies of scope – the benefits of ‘bundling’ services and functions) - in a world in which traditional economies of scale may be reducing in significance with the advent of e-government and a mixed economy of provision. Small units of governance are potentially more efficient than larger ones (according to the Tiebout hypothesis) because of the increased transparency of the tax/service deal and the greater possibilities for exit.¹³ Neighbourhood government is, in short, more susceptible to market-style forms of ‘bottom-up accountability’.

The economic rationale offers a kind of market democracy in which the citizen as consumer is able to influence what services are provided and to whom. While most neighbourhoods are not able to take advantage of the operation of full market democracy, in which consumers may choose to take their ‘business’ elsewhere the prospects for neighbourhood management have been enhanced by new technologies that allow for backroom functions to be carried out at a central base and by externalisation which can allow neighbourhood managers to commission services to suit local needs from providers who operate on a much larger scale.

The community right to challenge and to buy could be located under this rationale as could the new right to provide afforded to public servants and the provision of ‘free schools’. However without complementary changes to the way in which local government works and in a context of significant reductions in local government funding it is difficult to see how far this rationale can be realised.

Designing neighbourhood governance

Situating a commitment to localism explicitly within a neighbourhood governance framework, rather than one that refers variously to citizens, communities and neighbourhoods, draws attention to the importance of institutional design and to the design choices that need to be made to achieve particular governance purposes. Lowndes and Sullivan derive four ‘ideal types’ of neighbourhood governance from

¹³ P. John, K Dowding and S Biggs (1995) ‘Residential mobility in London: a micro test of the behavioural assumptions of the Tiebout model’, *British Journal of Political Science*, Vol. 25, pp 379-397

the rationales outlined above (see table 1). Ideal types clarify the scope for, and dimensions of, choice in governance arrangements including matters of leadership and citizen roles and the kinds of resources that might be needed to develop each role. As real-life arrangements are more likely to be combinations of different features, a consideration of ideal types enables designers to contemplate the challenges and tensions associated with the application of hybrid designs.

In addition there are several key challenges that any neighbourhood governance system needs to acknowledge and respond to. The first concerns the amount of power and control neighbourhoods have over decisions. To date, neighbourhoods have been afforded relatively little power over services and resources, instead offered the opportunity to influence service priorities within certain set parameters and/or able to make decisions over relatively small amounts of local spending. The limited amount of power and control afforded to neighbourhoods has often acted to depress the level of citizen participation and further alienated communities whose expectations had been raised.¹⁴ The proposals for neighbourhood planning represent a significant increase in the power and control afforded to certain communities, shifting the balance of away from the local to the sub-local level.

This shift highlights another longstanding challenge to neighbourhood governance, that of the quality of available neighbourhood representatives and leaders. The pool of available representatives is inevitably smaller than that from which local or national representatives are drawn. This means that the range of skills and experience is likely to be less, which may impact on the capacity of representatives to lead and on the capacity of citizens and communities to mobilise campaigns and hold their representatives to account. Absence of media interest in neighbourhood activities further limits scrutiny of these.

The limits of competence may be compounded by the limits of citizen homogeneity within neighbourhoods and the challenges this poses for community cohesion, particularly in a society in which diversity is increasing. The idea of neighbourhood governance rests heavily upon the notion of shared values and identities. However, the smaller and more homogenous the unit of governance, the easier it is for elites to dominate, and the harder it is for diverging views to be expressed and accommodated. No community is ever entirely homogenous, but those who identify themselves as 'different' (or are identified as such by others) may be especially isolated within a neighbourhood setting where associations and groups may reflect the dominant interests. When conflict does break out at the neighbourhood level, it can be particularly acrimonious. Experiments in the 1980s with neighbourhood decentralisation in multi-ethnic areas provided evidence of the marginalisation of minorities, most notably in the London Borough of Tower Hamlets.¹⁵ Defensiveness and insularity may result in neighbourhoods being unable to establish links across community boundaries despite a strong internal coherence. The need to negotiate cohesion, diversity and pluralism is a significant challenge not acknowledged at all in the Localism Act.

¹⁴ Barnes M, Newman J and H Sullivan (2007) *Power, Participation and Political Renewal*, Bristol, Policy Press

¹⁵ Lowndes V and G Stoker (1992a) 'An evaluation of neighbourhood decentralisation, parts 1 and 2', *Policy and Politics*, Vol. 20, No.1/2, pp 47-61, pp 143-152; H. Sullivan, A. Root, D. Moran and M Smith (2001) *Area committees and neighbourhood management*, LGIU/JRF

Devolution to neighbourhoods implies increased differentiation in public service delivery across areas, something which is promoted in the Localism Act with its emphasis on diversity of local choice and of public service supply. However the Act does not address two potential challenges associated with devolution to neighbourhoods. The first concerns the consequence of an increased differentiation of resources and services on neighbourhoods that are not equal in resources capacity and support to begin with – the risk that neighbourhood governance could compound what the political scientist LJ Sharpe calls the ‘geography of inequity’, and militate against the redistribution of resources between areas¹⁶. Self reliance in terms of human, social and economic capital is very problematic for those neighbourhoods that lack these forms of capital. Second, as neighbourhoods develop their diversity in service provision, this will generate variation in both the range and quality of local services from neighbourhood to neighbourhood, a feature that will be intensified should neighbourhoods gain revenue raising powers. While the Government has rightly asserted the value of ‘local choice’ to counter claims about ‘postcode lotteries’, it has not addressed itself at all to the implications for equity and social justice resulting from this stance.

Conclusion

The Localism Act represents something of a missed opportunity for neighbourhood governance. The Act’s multiple foci on citizens, communities, groups and neighbourhoods suggests that neighbourhoods are one among many options for devolved power and influence. While this may encourage a diversity of response there is a risk that the failure to provide a coherent framework within which to operationalise neighbourhood governance will act to undermine the impact of the radical proposals for neighbourhood planning because the latter appear disconnected from other aspects of neighbourhood governance. A more coherent commitment to neighbourhood governance would also allow for other proposals such as ‘community right to buy’ and ‘to challenge’ to be located within an institution that could support and develop proposals as well as mediate competing claims and disputes.

One defence of the Act is that in keeping with the Government’s commitment to localism it is non-prescriptive, offering options and opportunities rather than frameworks to follow. Setting aside the Government’s preparedness to prescribe over a host of ‘local’ issues from chief executive’s pay to the frequency of refuse collection, the Act’s failure to offer a clearer steer on how it understands the respective roles of citizens, communities, neighbourhoods, localities and the centre, means that there is no articulation of how different elements may connect together as part of a wider system of governance. The Act is also silent on the implications of moving towards greater devolution – particularly with regard to community cohesion, equity and social justice. Again this may be argued to be in keeping with the Government’s localist agenda but the potential changes to the central-local settlement implied by the contents of the Act call for a re-articulation of how these issues will be considered.

¹⁶ L. J. Sharpe (1970) ‘Theories and values of local government’, *Political Studies*, Vol 18 no 2, pp 153-174; D. Walker (2002) *In praise of centralism. A critique of the new localism*, Catalyst

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