



performance hub



Future Focus 4

How is local democracy changing?

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Future Focus 4

How is local democracy changing?

Whatever plans we make, changes in our external environment have an influence on third sector organisations (TSOs)¹. These might be reducing or

shrinking sources of funding, changing government policies and regulatory priorities, shifting social attitudes, new technologies, and so on.

All organisations can become more successful by spending some time improving their understanding of the likely future of these external pressures and using this to make a stronger organisational strategy.

Some view this as a luxury: "It's only for rich charities", or as impossible: "It's stargazing! You can't predict the future!" Others think that it is just an intellectual exercise that won't change what their organisation does. Others appreciate that it is one of the critical tasks of the chair, the board, the chief executive and senior managers, but they still put it off: "I'll do it after

¹ Charities, voluntary organisations, community groups and social enterprises

this next funding application”;“...after this next board meeting”;“...once the new trustees are recruited”.

This is understandable; a good analysis of the future does take time, and can involve learning new skills. For people with little time on their hands, NCVO Third Sector Foresight and the Performance Hub² have produced the *Future Focus* series to provide ready-made analyses of the future changes that are most likely to affect small and medium TSOs. Each guide focuses on a different topic. For those keen to learn how to do it themselves, we have also published *Looking Out*, an accessible introduction to help TSOs develop these skills³.

This is the fourth guide in the series, exploring changes in where local power lies and how decisions are made. It suggests ways for you and your colleagues to use this information to help make strategic choices and plan ahead. The first three guides looked at the topics of funding, volunteering and new technologies (see page 46 for details of the full series).

² See further information and support page 44 for details.

³ Looking out: how to make sense of your organisation's environment, www.performancehub.org.uk/lookingout

How to use Future Focus 4

In the following pages, we outline the most important drivers that we believe will affect where power lies and how local decisions will be made in five years' time.

What are drivers?

Drivers are major forces or trends that could positively or negatively shape the future of your organisation.

These trends and issues may already be influencing your organisation or some parts of it at the moment. But these are the drivers which we think will grow in importance for small and medium TSOs in the coming years.

This guide will help you explore how changes in where local power lies may affect your organisation's role in your community. Although accessing funding is often an important factor, this particular guide does not focus on this issue (see *Future Focus 1* for funding drivers, including the shift from grants to contracts). Here, we consider the broader relationships that determine how organisations can influence the design of local services - and funding decisions.

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Each driver includes:

A short description of what is happening, what is likely to happen in the future and why, plus an outline of some of the risks and opportunities this might present for your organisation.

Strategic questions designed to help you think about how the drivers may affect your organisation in the future, and whether/how you might need to respond.

How will your organisation respond? Jot down your thoughts as you read in the blank spaces provided.

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A worksheet to help you pull together your thoughts about the drivers and to start considering responses and next steps. You might find it useful to work through this section with colleagues or with your trustee board.

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Setting the scene

Over the last decade, turnout at elections and membership of political parties has fallen significantly. Concern over this has prompted politicians to consider

different ways to allow people to influence local decisions. At the same time, public finances have come under increasing pressure. Successive governments are finding that they cannot afford to deliver all the services the public desires at the standards they expect.

These two factors together have resulted in a consensus across political parties that more decisions should be made locally and that citizens should play a greater role in that decision-making. Despite significant changes in local democracy over the last decade, we may be entering a period of even greater experimentation.

These trends have resulted in a shift from 'representative democracy', where a few individuals are elected to represent a community and make decisions on its behalf, towards more 'participatory

democracy', where more members of the community are invited to participate directly in decision-making. In future, there may be a further shift towards 'deliberative democracy', where citizens play a more active role not just in decision-making but in controlling local services and budgets.

There are ambitious hopes that such reform will lead to stronger communities of more engaged citizens enjoying better services. And TSOs are being offered a role in these reforms. However, expectations are perhaps unrealistically high, particularly of TSOs who are being asked to represent and advocate for their local communities - especially as the sector's 'voice' function is rarely funded. Future change will present both uncertainty and opportunity for TSOs.

But there are also a number of contradictory forces to these trends, leading to increased centralisation.

Next steps

Drawing on these background trends, this guide explores six drivers that are affecting local power relationships and decision-making, and it suggests a few questions to get you thinking about how they might impact on your organisation.



Driver 1

Devolution of power

The balance of power between national and local government in the UK is always changing. When Labour came to power in 1997, it centralised more control. However, in the last five years, interest in local democracy has increased and the balance of power has begun to reverse.

For example, the local government white paper, *Strong and Prosperous Communities* which resulted in the *Local Government and Public Involvement in Health Act 2007* put in place policies and legislation to increase devolution. The Lyons Review⁴ into the finance and functions of local government also urged a shift in this direction.

These initiatives aim to give local people and communities more power in shaping their local area. The intention is not simply to devolve power to local government, but to reach further, to citizens

⁴ The Lyons Review report, *Well Placed to Deliver? – Shaping the Pattern of Government Service*, was published by HM Treasury in 2004.

themselves. Local authorities are now required to 'inform, consult, involve' local communities in their decision-making and to respond through new mechanisms such as the Community Call for Action⁵.

Moving forward

- Will the devolution of power change the role of your organisation within your local area? What opportunities or challenges will this present?
- How will the devolution of power change the way in which you influence decisions? Can you define your strategic priorities in terms of who you need to influence?

How will local devolution impact on your organisation?

In five years' time, will more power in your field of work be held by citizens and communities than by local government?

Use the box to jot down your thoughts.

⁵ This allows citizens to refer a matter to any councillor and ask them to take it up with the relevant overview or scrutiny committee.

How important will this driver be to your organisation in the next five years?

LOW

MEDIUM

HIGH



Driver 2

National minimum standards

Although the balance of power is shifting to a more local level, there is still persistent and strong support amongst the population as a whole for national standards. This can limit the freedom of local authorities to set their priorities locally, according to their area's needs.

More locally made decisions about services leads, of course, to greater variations between geographical areas. But the public tends to object to a 'postcode lottery', where the availability and quality of services may depend significantly on where they live. To ensure the same minimum standard of services across the country, national government has tended to impose high numbers of national standards upon local government through centralised targets.

There are signs that this is beginning to change, with central government recently reducing the number of targets it sets⁶.

⁶ The new Local Performance Framework includes 198 indicators. Previously local authorities had to report against between 600 and 1200 indicators.

Moving forward

- As the postcode lottery becomes more prevalent, what role do others expect your organisation to play in filling gaps in services or campaigning to address gaps? What role do you want to play?
- Does local flexibility benefit your organisation? Do you also support national standards for local government? What is the right balance and are you putting out conflicting messages?

How will national minimum standards impact on your organisation?

In five years' time, what national standards do you think will exist for services in your field of work?

Use the box to jot down your thoughts.

How important will this driver be to your organisation in the next five years?

LOW

MEDIUM

HIGH



Driver 3

Consolidation of public service contracts

Purchasers and deliverers of public services are increasingly under pressure to deliver better services for less money. One way to achieve this is

through economies of scale, leading to services delivered by larger organisations over larger geographical areas, eg, merged primary care trusts.

This means that, increasingly, decisions about services are being taken beyond the boundaries of local government. This limits local democratic accountability for these services and could diminish the power of local communities to influence decisions.

We predict this driver will continue as tighter public sector budgets create greater pressure on commissioners and providers to rationalise and consolidate to save money.

Moving forward

- Is your organisation aware of where decisions about services are made, particularly those taken by bodies other than your local authority? How can you influence these bodies?
- What role does or can your organisation play in enabling local communities to advocate for their needs when decision-making bodies are based outside the local authority area?

How will the consolidation of public services impact on your organisation?

In five years' time, will the majority of public services be purchased or delivered at a sub-regional level?

Use the box to jot down your thoughts.

How important will this driver be to your organisation in the next five years?

LOW

MEDIUM

HIGH



Driver 4

Complexity of governance structures

Decisions affecting a local community are increasingly debated by partnerships of people representing different interests, creating what has been called 'network

democracy'. The value of the third sector on these partnerships is increasingly recognised.

For example, most local strategic partnerships (LSPs) involve the third sector. These partnerships present opportunities for TSOs to influence and help set priorities within their local area.

The number of partnerships within each locality has also increased, and usually include a range of thematic and area-based partnerships within the overarching LSP. Depending on the origin of these partnerships, they also vary in their structure and legal status.

This complexity can make it difficult for TSOs to understand the power of each partnership, how they link to one another, and where decisions are actually being made. However, they also provide a variety of

access points to decision-making structures. An understanding of these partnerships is essential for TSOs (independently or together) wishing to identify the role they could or should play in them.

Moving forward

- Do you know what power the different partnerships hold in your local area? Are you thinking strategically about which partnerships to engage with?
- Can you share information on local governance structures with other organisations in your local third sector networks – as well as the potential workload?

How will the growing complexity in governance structures impact on your organisation?

In five years' time, how will you be influencing decisions through partnerships?

Use the box to jot down your thoughts.

How important will this driver be to your organisation in the next five years?

LOW

MEDIUM

HIGH



Driver 5

More citizen engagement

Local government has, for a long time, sought to involve local people in decision-making in order to enhance its legitimacy. This has become increasingly important because of declining voter turnout and lower participation in traditional politics. One particular challenge is reaching a wider diversity of people and gathering a wider range of views.

There is an increasing use of more participative approaches, such as citizen juries, online forums, and mechanisms which treat citizens like consumers (eg, through satisfaction surveys and complaints procedures).

In future, engagement may also shift away from 'the town hall' towards other spaces of community life such as at the school gates, supermarkets or places of worship.

These methods of engagement could potentially bypass the third sector, overlooking the valuable role that TSOs can play, whether as community

representatives themselves or in enabling service users and other stakeholders to get involved. This may happen, for example, when those driving the process don't recognise the barriers (such as time, skills and confidence) that prevent individuals and particular communities from participating in activities.

Moving forward

- Does your organisation have a role to play, either directly or indirectly, in helping individuals to understand how they can make their voice heard, and in building their confidence and skills?

How will a growth in citizen engagement impact on your organisation?

In five years' time what forums and opportunities will your users and supporters be using to engage in decision-making?

Use the box to jot down your thoughts.

How important will this driver be to your organisation in the next five years?

LOW

MEDIUM

HIGH



Driver 6

Changing nature of community leadership

Offering leadership within a community has become more complicated and open to criticism. More people, with differing backgrounds, skills,

interests and degrees of authority, claim to lead different communities within a growing number of arenas, eg, from local strategic partnerships to community fun days. This has inevitably led to tensions, particularly between those who are elected and those, such as TSOs and community activists, who also believe they represent local communities.

In this environment, all such leaders may face challenges to their legitimacy and accountability. On the one hand, TSOs and community activists may be seen to speak on behalf of communities, but without an elected mandate. Meanwhile, councillors are elected by ever fewer local voters.

Experienced community activists can often engage with local communities and their needs in more direct and therefore more credible ways than elected

government members. However, the growing diversity and complexity of local needs means it is more important than ever to have strong leaders who can respond skilfully to the demands of competing voices.

Moving forward

- How can you demonstrate to local representatives the many ways in which you are accountable to your users?⁷
- Can you help community activists to make or strengthen links with others (eg, government institutions, commissioning bodies and partnerships)?

How will changes in community leadership impact on your organisation?

In five years' time, who will be the most important community leaders and how will they relate to TSOs and democratic institutions?

Use the box to jot down your thoughts.

⁷ You may find the Performance Hub's new guide useful: Centre Stage? Making choices about involving users, www.performancehub.org.uk/userinvolvement

How important will this driver be to your organisation in the next five years?

LOW

MEDIUM

HIGH

**So
what?
Now
what?**

**Considering
strategic
implications
for your
organisation**

Hopefully you now have a better understanding of some of the key drivers that will influence how local power relationships and decision-making will affect your organisation over the coming years. The next step is to turn this information into choices about future actions.

This process is covered in depth in *Looking out: how to make sense of your organisation's environment* (see page 4) but the following questions will get you started. Why not consider them with colleagues or with your trustees?

Selecting the most important drivers

First of all, how important did you think each of the five drivers would be for your organisation?

Driver 1: Devolution of power

LOW

MEDIUM

HIGH

Driver 2: National minimum standards

LOW

MEDIUM

HIGH

Driver 3: Consolidation of public service contracts

LOW

MEDIUM

HIGH

Driver 4: Complexity of governance structures

LOW

MEDIUM

HIGH

Driver 5: More citizen engagement

LOW

MEDIUM

HIGH

Driver 6: Changing nature of community leadership

LOW

MEDIUM

HIGH

How much time do you have to consider these further? If you're short of time, pick the one or two which are the most important for your organisation. If you have more time, consider more.

So what? Strategic opportunities and challenges

You may already have started to jot down ideas about what these drivers will mean for your organisation in the future. We suggest you develop these ideas a little more, perhaps by drawing up a table like the one below. Opportunities and challenges should be medium to long term and focused on the changes to your organisation's strategy that you may need to make.

Driver	Opportunities	Challenges

Thinking about your stakeholders

Stakeholders are those who have an interest in what you do. Don't forget to consider how these drivers may impact on them, and how this may then influence your relationships. Consider:

- Your workforce – both paid and voluntary
- Your users and beneficiaries – both direct and indirect
- Your funders – individuals, corporates, trusts and foundations, statutory agencies
- Other players – your competitors, your collaborators, those who complement you, other TSOs, private sector providers, public sector providers
- Other stakeholders – the media, general public, policy makers.

Now what? Strategic opportunities

Once you've understood what the future could look like, you can identify actions that you can take which will maximise opportunities and minimise the negative effect of risks and challenges. It can be helpful to think about three kinds of opportunity:

- **Improve** – what opportunity does your new knowledge give you to do what you do better?
- **Innovate** – what opportunity does your knowledge give you to do different things?
- **Improvise** – what opportunity does your new knowledge give you to manage risks and threats?

Why not develop some ideas and options for these different types of opportunities? You could draw up a table like the one below.

Improve	Innovate	Improvise



Taking action

A case study

This example sets out the actions three different TSOs in a local community take after reading *Future Focus 4* in response to the drivers outlined in the guide, to help put them on a stronger

footing in the coming years. This local community is fictional, but its story is based on anecdotal experiences from real TSOs.

Pepworth is an urban area, diverse in ethnicity and wealth, and has a vibrant third sector. There is significant pressure on public spending, so difficult decisions are being made about local service priorities.

- **Multitude of partnerships:** Pepworth Council for Voluntary Services (CVS) is very active in local partnerships and tends to be the first port of call whenever the local authority wants to involve the third sector. But this level of representation is very time-consuming and the CVS wants to see more TSOs involved, both as an empowerment opportunity and to share the burden of this work. After reading this *Future Focus*

guide, the CVS has begun to scope a project to provide community groups with skills for effective engagement in partnerships.

- **Complexity of governance structures:**

Open Door, a local body representing the relatively new immigrant population, has already told the CVS that it's keen for this type of support. Motivated by this guide, it has just joined a social inclusion partnership run by the local authority and the primary care trust, but it wants to understand more about who really holds the power.

- **National standards and local flexibility:**

Activ8, a young people's group, is involved in a national campaign to increase the provision of sports services for teenagers. The local paper supports the campaign and has labelled the situation another 'postcode lottery', as the area has fewer and poorer quality facilities for young people than neighbouring boroughs. The original spending allocation for sports facilities was based on a central government target to improve provision at county level. As the target has already been met in the neighbouring borough, the local authority, although sympathetic, is unsure of the

flexibility it has to act contrary to central government directives.

- **Community leadership tensions:** At recent forums, Activ8 has disagreed with other community activists and elected representatives over who knows best about local needs. Having reflected on the *Future Focus 4* questions on engaging people, it works with Open Door and other TSOs to run a number of community consultation events which reveal the extent of public support for increased youth provision.
- **More citizen engagement:** The local authority is also doing more work to engage directly with local citizens. It has recently consulted on a new supermarket which may be built on the site of an existing skate park. Consultation has been undertaken in the shopping centre and through neighbourhood partnership meetings. There is strong support for the new supermarket in the neighbourhood but wider community concern about the loss of a well-used local facility. Activ8 uses this opportunity to raise the profile of its own consultation findings.

The outcomes of the supermarket consultation, combined with the evidence provided by Activ8, lead the local authority to rethink its approach to youth provision. The fact that Activ8 has worked with others, including minority groups like Open Door, adds weight to their claim to be representing the community. Open Door and Activ8 are now working with the local authority to help identify local priorities for youth provision which may be part-funded by the sale of land for the supermarket. The CVS plans to use this collaboration as a case study for its new training.

**Further
information
and support**

Performance Hub

The Performance Hub works to help voluntary, community and social enterprise organisations achieve more in a number of ways, including helping organisations to think ahead.

www.performancehub.org.uk/thinkahead

Infoline: 0800 652 5787

NCVO Third Sector Foresight

NCVO Third Sector Foresight helps voluntary and community organisations create effective plans with strategic insight and planning tools.

www.3s4.org.uk

HelpDesk: 0800 2 798 798

Textphone: 0800 01 88 11 (minicom)

NCVO Local Government Network

A network for voluntary and community groups and local public sector bodies who work or want to work together.

www.ncvo-vol.org.uk/lgnetwork

Tel: 020 7520 2473

Textphone: 0800 01 88 11 (minicom)

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for your
board!*

Future Focus 4

**How is local
democracy
changing?**

This is the fourth in a series of guides to help third sector organisations think about likely changes in their external environment and how these changes could affect them.

A good analysis of the future does take time, but it's not impossible and shouldn't be seen as a luxury. All organisations can become more successful by spending some time improving their understanding of the likely future external pressures they will face and using this information to help make strategic choices and plan ahead. These guides aim to help you do that.

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