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Devolution and Leadership in Contemporary Local Government Reform: A Critique of the Lyons Report in England

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Abstract: The reforms proposed in the recently completed Lyons Report into local government exemplify the current emphasis on devolution and leadership in England and offer an appealing blueprint for change based upon an increase in financial power, decision-making capability and scaling back of monitoring by central government. In this paper we assess the Lyons Report's prescriptions for devolution and leadership in local government and argue that any adoption of the proposed reforms has to be tempered with an eye to familiar problems in public sector organisations of equity, accountability, rent-seeking and cost-shifting.

Keywords: Leadership; Devolution; Place-shaping; Subsidiarity; Equity; Accountability

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The Lyons Report in Comparative Perspective

Local government in both federal and unitary political systems has been labelled the 'Cinderella' of governmental tiers (Aulich 2005). This has not, however, precluded it from being the subject of hotly contested and far-reaching reform processes across nations (see, for instance, Dollery *et al.* 2008). The recently completed Lyons Inquiry into local government in England is a recent salient example of an extended and contested reform process. Initially commissioned in July 2004, the Inquiry handed down its Final Report in March 2007, with the recommendations contained therein being the culmination of no less than three government White Papers since 1997, as well as a variety of other work¹.

Besides its sheer weight, the Lyons Inquiry is a watershed in a number of ways. Despite its initial brief to inquire into the financial arrangements between central and local government, the Inquiry drew on extant strands of political theory and philosophy, political economy and management theory, as well as financial economics, to stretch the canvas of reform to encompass the

¹ The primary impetus for the Report was the reform of financial arrangements for local government. Through the course of his work the head of the Inquiry, Sir Michael Lyons, received two extensions of his remit to broaden its scope. This resulted in the publication of three reports. The first, *Lyons Inquiry into Local Government Consultation Paper and Interim Report* (December 2005) was a 'state of play' document with respect to local government finances and the financial relationship between central and local government. The second, *National prosperity, local choice and civic engagement: A new partnership between central and local and local government for the 21st century* (released in May 2006) moved to place the problem of local government finances in a strategic and theoretical perspective. Lyons' 2006 Report was given impetus by the publication, in February 2006, of the report of the Power Inquiry, *Power to the People: the report of Power, an Independent Inquiry into Britain's Democracy*, established to investigate why there had been a decline in participation in formal politics in Britain. The Department of Communities and Local Government then released the third Labor Government White Paper on local government reform since 1997, *Strong and Prosperous Communities: The Local Government White Paper*, in October 2006. This was then responded to in the form of Lyons' Final Report, *Lyons Inquiry into Local Government. Place-shaping: a shared ambition for the future of local government* (Lyons 2007) where the substantive recommendations for changes to local government finances were made.

wholesale economic revitalisation and sustainability of English local governance. In the Executive Summary to the Second Report, the head of the Inquiry, Sir Michael Lyons, is prosaic, stating that he sought 'to take the analysis of my Interim Report forward, locating local government firmly within a debate about how, as a society, we develop a system of government which best meets the needs of citizens and the challenges of the future, with the resources we are prepared to devote to it' (Lyons 2006, 5). The Inquiry develops an overall reform framework and vision for reform which is denoted as 'place-shaping':

The term place-shaping covers a wide range of activity – indeed anything which affects the well-being of the local community. It will mean different things in different places and at different levels of local government, informed by local character and history, community needs and demands, and local politics and leadership. The powers and freedoms which local government can exercise are an important part of enabling councils to play this role. However, I am clear that effective place-shaping is as much about the confidence and behaviours of local government as it is about statutory powers or responsibilities (Lyons 2007, 174).

The raft of reforms proposed by the Inquiry received strong endorsement from both the Confederation of British Industry and the UK Local Government Association (Lockhart and Lambert 2006). While the resultant legislation dealing with local government finance and the redistribution of fiscal responsibility has been the subject of extensive criticism within its own political milieu (see Davies 2008), our central concern in the present context is the validity of the Inquiry's arguments, or its *theory* for local government reform and revitalization, and its applicability to municipal government and public sector management beyond England. Most particularly, we are concerned with critically assessing the role that devolution and leadership are expected to play in this reform agenda and the implications of this for the influence of these reforms in other jurisdictions.

With these goals in mind, the paper is divided into three main parts. Section 2 provides an exposition of the arguments for devolution and leadership in the Inquiry's recommendations, paying particular attention to the Inquiry's prescriptions for leadership behaviour for managers and politicians at the local level. Section 3 of the paper demonstrates that while these prescriptions are informed by recent theorising in leadership in local government, as well as leadership more generally, the reform model generates problems of equity, accountability, cost-shifting and rent-seeking. The paper concludes in section 4 with some cautionary remarks regarding any adoption of the place-shaping agenda in other local government jurisdictions.

Devolution (Subsidiarity) and Leadership in the Lyons Report

Devolution (Subsidiarity)

The complexities of the local government system that faced the Lyons Inquiry at the outset are difficult to overstate. Of the 478 'principal local authorities' in England, 354 are 'low-tier' billing authorities, 102 are major bodies, such as county councils, police authorities and fire authorities and 22 are precepting authorities that charge another authority for the services they provide. All of these billing authorities co-exist alongside more than 8,700 parish and town councils and 1,500 parish meetings ('where there is no council because there are fewer than 150 electors') that are nevertheless classed as local precepting authorities (Lyons 2007, 97). In addition, municipal and city governments have been the subject of intense political turf wars in post-war era, with (arguably) one local government tax – the Poll Tax – being a primary reason for the resignation of Prime Minister Thatcher in 1990 (Cole 2008). Coupled with this structural and political complexity was what Jonathan Davies (Davies 2008, 6) has recently called 'the deeply embedded culture of central control freakery' and the transaction costs of this monitoring. This has included the application of 566 performance items at a cost of £1.8 million per authority, where local government accounted for 25 per cent of funding but laboured under 81 per cent of central targets (Lyons 2007, 79).

It was in the face of such financial complexity and ‘democratic deficiency’ that the Inquiry somewhat surprisingly argued *against* structural reform (i. e. any form of council amalgamation) and instead advanced its ‘place-shaping’ agenda. The Inquiry deployed three related economic arguments in favour of devolution, defined as both ‘devolving more power to the local level and reducing the level of central prescription’ (Lyons 2007, 2). The first was in terms of allocative efficiency: ‘since people’s preferences and needs, and the cost of delivering services, vary between areas, then the best way of spending limited resources will be different in different places² (Lyons 2006, 6). The second was developmental: The Inquiry asserted that by being ‘local’, local government ‘is ideally positioned to support the development of social capital, social innovation and community cohesion.’ The Inquiry also argued strongly for greater powers for garnering income at the local level, suggesting that council rates ought not be subject to capping, that councils ought to be allowed to charge for waste services, that a supplementary (local) business tax be allowed, that the plausibility of a tourist tax be investigated and that Local Income Tax (LIT) be considered in the ‘medium term’ (Lyons 2007, 260-72). The third argument was directed toward decreasing the transaction costs of government: ‘The scale and complexity of national targets and inspection require the vast majority of local government’s resources to be used to deliver nationally defined priorities’; further ‘resolving so many of the choices about public services at the national level is expensive’ because it may lead to unwanted outcomes (Lyons 2006, 7). These arguments are coupled with a broad theory of comparative economic advantage between places with a view to revitalising the economy outside of the south-east corner of England: The vision is of vibrant, developing, economic regions – what Harold Laski (1938, 412) long ago called ‘the genius of place’ – which,

² While Lyons does not see ‘the argument for greater devolution as fundamentally questioning our redistributive approach to local government funding’ this is a notably different stance to take on the provision of basic services such as schooling, health care, policing and aged care – all of which are at the forefront of local government responsibility in England and as such have been subject to specific funding regimes such as the dedicated schools grant.

in addition to creating competition and its corollaries (stimulating demand) also act as a guard against bad local government (Grant and Dollery 2007, 8).

While the Inquiry does not state as such, these lines of reasoning combine to form a foundational adherence to the principle of subsidiarity. The principle of subsidiarity holds that all governmental functions should be performed by the lowest feasible organizational unit in the hierarchy of government. Subsidiarity thus refers to determining the appropriate level of government at which decision-making should be carried out and whether this should be at local, regional, or national level. The principle of subsidiarity thus concerns the optimum allocation of functions between the various tiers of government, the most effective co-ordination of decisions between these tiers, and the most appropriate forms of accountability and participation in decision-making. Whereas the principle of subsidiarity does not tell policy makers how to achieve these objectives, it does prescribe the decentralization of decision-making as far as practicable. Stephen Bailey (1999, 18-19) has identified three types of decentralization: (a) 'Economic decentralization' which deals with the location of economic decisions and functions; 'political decentralization' which involves the 'devolution of political decision-making to local and regional governments'; and 'administrative decentralization' which refers to the establishment of local and regional offices for central government agencies 'with or without decision-making powers independent of sanction by the centre'. Thus at the levels of both the general and particular, the Lyons report reiterates the reasoning of subsidiarity.

Leadership

The Inquiry's reform initiative of devolution is designed to encourage, but is also dependant upon, facilitating reform initiatives based on 'strengthening leadership and expanding the opportunities for local people to influence local decision making' (Lyons 2007, 2). In the second Interim Report (Lyons 2006, 9-10) in answer to the question 'What actions make for effective place-shaping?' four principles are developed: 'good leadership; building coalitions

and consensus about the direction of travel with other agencies and the private sector; effective public and community engagement; and effective use of powers’.

The pluralism entailed in the Inquiry’s theory of place and comparative advantage effectively proscribed it from suggesting detailed reform programs (although it does point to exemplary efforts in this regard – see Dollery *et al.* 2007, 9-10). It was not, however, prevented from recommending and specifying *behavioural* change for individuals and more specifically ‘leadership behaviours that support effective place-shaping’. The *Final Report* assigns 10 assigns ten effective behaviours for place-shaping to political leaders:

Political leadership behaviours that support effective place-shaping include:

- anticipating future challenges and opportunities for the local area;
- building coalitions and looking outside community boundaries for knowledge and collaboration;
- advocating powerfully on behalf of the local community with the credibility to negotiate across all sectors;
- arbitrating between competing local interests and supporting community cohesion, taking tough choices where necessary;
- listening to the views of local residents and stakeholders, being accessible and visible;
- communicating effectively with local residents and other stakeholders and building trust in local institutions;
- being open with information and ensuring transparency in decision making;
- demonstrating a high level of understanding of local issues and having a strong evidence base which shapes policy priorities;
- focusing on service performance for its impact on the community rather than to meet government requirements, looking outward rather than upward; and
- championing efficiency and service innovation – getting the best value from public expenditure and maximum impact from private investment in their area.

Figure 1: Political leadership behaviours that support effective place-shaping

Source: Lyons 2007, 179.

A number of observations can be made about this list. The first is that only the last two – ‘focussing on service performance for its impact...’ and ‘championing efficiency and service innovation...’ are specifically directed toward efficiencies in service provision. This may conform to reasonable expectations about the role of an elected local official. Yet only one – ‘advocating powerfully on behalf of the community with the credibility to negotiate across all sectors’ – is specifically representative, conceptualised as the presentation of community interests to outside parties and thereby conforming to a ‘mirror’ type of representation (see Hearfield and Dollery 2008). Moreover, only one – ‘arbitrating between competing local interests and supporting community cohesion, taking tough choices where necessary’ – involves exercising arbitrary executive authority (to the extent that it might not be reasonable to assume in the context of municipal authorities). Three have a strong knowledge claim attached to them in the sense that local political place-shapers ‘have a high level of understanding with local issues’ and ‘a strong evidence base which shapers [their] policy priorities’ to the extent that they can exercise this knowledge in ‘anticipating future challenges and opportunities for the local area’. In addition, several ascribe a strong communicative role based on this knowledge. Thus local leaders can ‘build local coalitions’, ‘be open with information’, ‘listen to the views of local residents and ‘communicate effectively with local residents and other stakeholders and build trust in local institutions’. This communicative role is ‘two-way’ in that it is both information gathering and disseminating with the basis of policy formulation and decision making in mind. To this has to be added that the Inquiry clearly charges these individuals with a strong role as *exemplars* in the local community.

The Inquiry then assigns seven kinds of behaviour to managerial leaders for effective place-shaping:

Managerial leadership behaviours that support effective place-shaping include:

- negotiating roles, remits and boundaries with the political leadership;
- understanding and demonstrating genuine enthusiasm for the full scope of place-shaping and its tensions;
- supporting elected decision-makers with the ability to recognise the need to invest in purposeful engagement and challenge which helps to underpin the elected role rather than displacing or subverting it;
- supporting councillors in their frontline role and developing structures and processes for effective public engagement;
- negotiating room to manage the resources of the organisation, especially to commission external resources where necessary and to deal with staffing issues, including having a strong voice in all top level appointments;
- achieving visibility to staff and to partners as part of the nexus of community leadership, personally capable of reinforcing the links with other public bodies and the private sector;
- articulating an emphasis on knowledge and evidence, efficiency and professional expertise in preparing the council for its 'primus inter pares' role; and
- questioning the performance and ambition of the organisation, acting as a champion for value for money and ensuring that the council is able to challenge itself.

Figure 2: Managerial leadership behaviours that support effective place-shaping:

Source: Lyons 2007, 181.

A number of comments can be made about this list. Only the seventh and final of these ascribed behaviours is involved in the explicit scrutiny of the municipality's finances. Furthermore, in stating that managerial leaders should ensure 'that the council is able to challenge itself', the Report is clearly directing our attention to fiscal processes and potential fiscal innovations within, or in association with, the council itself. Another of the ascribed behaviours – 'understanding and demonstrating genuine enthusiasm for the full scope of place-shaping and its tensions' – appears to be a suggestion by the Report that council managers exhibit what we will refer to as a *performative endorsement* of this agenda rather than exhibiting any kind of cynicism or recalcitrance toward it. This suggestion flows over into the two points dedicated to managers' support of elected officials: they are both to 'recognise the need to invest in purposeful engagement' of the elected role 'rather than displacing or subverting it' and are to 'support councillors in their

frontline role and develop structures and processes for effective public engagement'. Alongside this activity as interlocutors between councillors and the council itself, managers are given strong negotiating roles for 'remits and boundaries within the political leadership' and in terms of 'negotiating room to manage the resources of the organisation', particularly in dealing with staffing issues. They are also ascribed a strong interlocutory and performative leadership role in being able to be 'personally capable' of reinforcing links with other public bodies and the private sector'.

Both the resource allocation function and support of elected officials are conceived of within a framework of negotiation both inside and beyond council. All this rests on a strong claim to superior information based on expertise as evidenced in the Report's penultimate point -- 'articulating an emphasis on knowledge and evidence, efficiency and professional expertise in preparing the council for its "primus inter pares" role'. Managers act as both custodians and gate-keepers of knowledge networks, both within and surrounding the municipality.

While the Report is careful to draw a fundamental distinction between political leaders and administrative leaders, this distinction is quickly and significantly eroded: 'A chief executive should not be seen as a rival to, or usurper of, elected members as community leader, acquiring a public and media profile which *consistently* outstrips that of their leader or mayor (Lyons 2007, 180; emphasis added). The Report also informs us that there has 'clearly been a shift in the understanding of councillor's leadership' ... 'principally through the formalities of decision-making in the council chamber' (or what we might call procedural leadership) to a coalition-building approach based on popular support 'among residents, partners and [individuals the *Final Report* refers to as] 'opinion formers' (Lyons 2007, 180; emphasis added).

The specific recommendations for both types of leaders takes place in a context where 'focussing on the future' at a municipal level requires a ten, twenty and even thirty year, publicly owned vision of the future. Lyons

emphasises vision, but by far the greatest emphasis falls to the role of convening:

Effective local leadership is not simply a matter of getting the political managements right. It is also about the ability of the council, collectively, to exercise leadership of the whole community, creating a shared agenda that recognises the roles that different partners can play in bringing it to life. As with wider political leadership, convening requires local government to be able to identify a direction of travel, a sense of the future and enthuse others to be part of a coming mission (Lyons 2007, 181).

This is reflected in the Inquiry's endorsement (Lyons 2006, 48) of the idea of 'double dissolution' or 'devolving more powers to local government, and at the same time devolving more powers to individual citizens and bodies closer to them'. It is with this concept the ideas of leadership and devolution are most heavily intertwined.

Analysis of the Inquiry's Recommendations

The emphasis on leadership in the Lyons Inquiry's recommendations is exemplary of recent discussions in the field of local government reform in England. This is most obviously reflected in the fact that (former) Prime Minister Blair himself penned the pamphlet *Leading the Way: A new vision for local government* (1998)³ and that the 2001 White Paper was titled *Leading the Way: Strong Local Leadership, Quality Public Service* (DTLGR 2001). Moreover, academic literature on local government reform in England has been strongly driven by an interest in leadership, at both theoretical and empirical levels. Commenting on this interest, Andrew Coulson (2007, 2) has stated that 'Local government, in different times and at different places,

³ In many ways the analysis and recommendations of the Lyons Inquiry in 2007 reflect those of Tony Blair in 1998 but with one important difference. Blair (1998, 1) sees the variance in quality of services as problematic; the Lyons Inquiry endorses the variance as legitimate differentiation based on place.

provides illustrations of most of the words and situations which have been used to describe leadership and leaders over the years: transactional, transformational, charismatic, contingent, situational, distributed, empowered, even post-transformational'. Thus, for example, as a precursor to outlining trait, situationalist and contingency theories of leadership, Morrell and Hartley (2006, 56) cite Sankar approvingly: 'the study of leadership "now flourishes as a thickly tangled web, where notions of values, ethics and morality have been leached away, ignored or depreciated as irrelevant"'. In their review article of types of local democracy, Haus and Sweeting (2006) choose leadership as the principle axis of comparison. In *Local Political Leadership*, Leach and Wilson (2000), for instance, draw the distinction between 'leadership position' on the one hand and 'leadership behaviour' on the other, developing a six-part conceptual scheme through which to study local leadership in Britain. Similarly, in her discussion of the changing role of mayors, Cheyne (2004) deploys Peter John's 4-part typology of local leaders: 'Consensual Facilitator', 'Visionary', 'Caretaker' and 'City Boss'. Other empirical studies of local leadership choose different criteria by which to measure leadership: ethical behaviour (Morrell and Hartley 2006); the context and capabilities of leaders (Lowndes and Leach 2004); challenges to community leadership (Sullivan *et al.* 2006). Typically these case studies proceed deductively, providing typologies of ideal-type leadership styles and/or influencing factors, then aligning these types with recorded behaviour. As such, they are primarily descriptive and prescriptive (in the mode of the Lyons Report) rather than explanatory. In addition, there is an overwhelming tendency to view leadership as principally a phenomenon of individual behaviour which is more, but usually less contextualised (Leach and Wilson, for example, state that 'leadership is primarily a behavioural characteristic', and that it is 'behaviourally defined').

More abstract, but analytically rigorous work in leadership and followership has developed from a variety of different pedagogical quarters. New Institutional Economics (NIE) draws a taxonomic distinction between markets, hierarchies and networks (see: Thompson *et al.* 1991). Burns (1978)

reiterated the classic distinction between ‘transformational’ and ‘transactional’ leadership. Economic theories of leadership have concentrated their theorising on explaining the (varying) discretionary effort individuals contribute to a group situation. Hermalin (1998) focused on the effect exemplary action of individuals who possess superior information has in eliciting an effective group response (EGR); Casson (1991) focused on the effect of moral rhetoric and shaming of individuals. Shelling (1980) revitalises Hobbes’ notion of ‘an intimate contest for self command’ to explain discretionary effort. Ester (1998) considers the role of emotion in motivation, while Goleman *et al.* (2002) develops a theory of emotional intelligence based on self awareness. Wallis *et al.* (2007) develop a theory of leadership and based on communicating in the context of meetings and the idea of hope, and link this to the policy cycles identified by Howlett and Ramesh (1995).

A glance at the prescriptive axioms for leadership contained in the recommendations of the Lyons Inquiry demonstrates that the Report is heavily imbued with these ideas and the principles of progressive administration (PPA) (see Wallis *et al.* 2007).

Nevertheless, in the context of debates about local government reform, championing the degree of devolution and leadership that the Lyons Report does raise a series of questions. The first revolves around the concept of equity. If central government is to devolve decisions about fundamental resource provision to municipalities on the basis that their decisions will be more economically efficient, the question of who decides who gets what still remains. Based on the Inquiry’s emphasis on leadership in the place-shaping agenda, it will be these individuals who will necessarily be entrusted to make the right decisions because they define the concept of equity. Arguably, this makes for intense and messy local politics and a necessarily changed role for municipal managers.

The second identifiable problem is that of accountability. To be fair, the Inquiry does recognise this problem (Lyons 2007, 185)⁴, but argues that within devolved and more powerful local government structures accountability is improved by individuals' increasing engagement with local municipalities, greater social capital and greater information flows: 'Visibility of leadership is very important and a key component of accountability. Where people know who is in charge, they know who to call to account' (Lyons 2007, 179). While the Inquiry specifically endorses the DCLG's mechanism of Community Calls for Action (CCfA) (Lyons 2007, 191), these are a distinctly *post-facto* rather than procedural approach to accountability. Noticeable also is the strong claim to privileged knowledge both managerial and political leaders have, to the extent that they can choose what and what not to reveal.

The problem of a lack of procedural accountability is related to a potential third problem of rent-seeking. As has been argued elsewhere (Grant and Dollery 2007), the Inquiry prescribes a model of economic development where the distinction between the public and private sectors is significantly devolved: resources and personnel between the two are significantly mixed. Most obviously, this is reflected in the Inquiry's prescriptive axioms for leadership styles discussed above. It is naïve for us to expect all individuals placed in these situations to behave virtuously. Combined with 'light touch'

⁴ 'Past experience of local councils in developing neighbourhood or local area governance arrangements is, however, mixed and brings risks with it. While strongly identifying the benefits of localisation, a recent report by the Young Foundation notes: 'Community control over finances, services and assets brings with it the threats of fragmentation, mismanagement of public goods, the politicisation of neighbourhood issues, and the potential for localised power to create or exaggerate community divisions.' Lyons nevertheless sticks to his guns: 'In the light of these risks but also the benefits of neighbourhood governance, I believe that if councils have more flexibility to act and greater space to reflect local choices in their place-shaping activities, they are more likely to respond productively to bottom up-pressure. This should help to improve the incentives for developing new neighbourhood arrangements, working with them and devolving decision making where appropriate (Lyons 2007, 185).

accountability to central government, this can potentially lead to a significant risk of agency failure at the level of municipalities.

Fourth, one of the principle aims of the reform proposals is to reduce the financial transaction costs of local government by scaling back targeted accountability procedures to central government. This nevertheless presupposes a willingness by individuals to invest much of their own effort in local government. This cost shifting to private may decrease government's transaction costs but it does not in fact remove these costs and demands that some individuals in particular sacrifice much so that the 'place-shaping' agenda succeeds.

Finally, the Inquiry's recommendations create the distinct possibility that there will be two types of individuals: 'place-shapers' on the one hand and 'non place-shapers' on the other, where the 'culture of central control freakery' will be replaced by a 'culture of local control freakery'. The role of leadership is emphasised, but the Inquiry's recommendations do not provide us with a matching account of what the rest of the population is to do, despite that fact that their involvement is not only crucial for the success of the recommendations but also for the task of revitalising democracy which is in fact a goal in itself.

Implications for Australasian Local Government

In response to the criticisms levelled against the Inquiry's proposed reforms above, it can be argued the principle recommendations of the Lyons Inquiry's *Final Report* – including the re-valuation of property and the introduction of local income tax (in the medium term) - were not implemented and as such the criticisms are considerably weakened. In this regard, Davies (2008, 7) has observed that: 'There has been no paradigm shift in central-local relations and this White Paper does not signify a political renaissance for local government or, indeed, "localism", defined as community-led governance'. Moreover, due to large differences between the formal responsibilities of local government in

England and other jurisdictions such as the various states of Australia and New Zealand, the specific reforms are simply not transposable onto these jurisdictions. Indeed, some tentative exploration of the implications of the 'place-shaping' agenda would suggest that it is of most use in underlining the role of more economically 'maximalist' councils operating within varying agendas of regional economic vibrancy (see: Dollery *et al.* 2007).

Yet it is important to focus on what remains of the 'place-shaping' agenda and the most salient – and transportable – element of this is the emphasis on leadership documented above. This entails a significant politicisation of managerial leadership at the level of local government as evidenced in the prescriptive axioms for local managers outlined above. It involves an enhanced communicative and public role beyond council; it is clear that this role is also *performative* and very public, suggesting that there is even a particular aesthetic involved in what has been traditionally the realm of 'transactional' leadership. This leads to a very different public service at the municipal level. Commenting on this, Alistair Mant (2008) has recently stated 'increasingly the public service has been enjoined to learn from "business" and especially from the model of heroic business "leadership" ... There are still useful lessons to be learnt from business by the public sector – just not the lessons they have been learning lately'. We would assert that this is particularly the case at the level of municipal governance. It is clear that in advocating leadership in the way that the Lyons Inquiry does we move closer toward a network form of governance, which may 'foster new forms of accountability', but it also 'may fail to always deliver a clear-cut accountability framework since the question of who is responsible to whom may disappear in the interstices of the webs of institutions which make up governance' (Wallis *et al.* 2007, 133). Leadership in local government: Proceed with caution.

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⁵ Kind permission was granted by the author to cite this work in progress

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