

AUSTRALIAN AND NEW ZEALAND ACADEMY OF MANAGEMENT

**22<sup>nd</sup> ANZAM CONFERENCE 2008**  
*Managing in the Pacific Century*



2 - 5 December 2008  
The University of Auckland  
NEW ZEALAND



**Leadership in Contemporary Local Government Reform: The Lyons Report in  
England & Implications for Australasian Local Government**

Bligh Grant<sup>1\*</sup>, Brian Dollery<sup>2</sup> & Lin Crase<sup>3</sup>

<sup>1</sup>*Centre for Local Government, School of Business, Economics and Public Policy, University  
of New England, Armidale, Australia*

Email: [bgrant5@une.edu.au](mailto:bgrant5@une.edu.au)

<sup>2</sup>*Centre for Local Government, School of Business, Economics and Public Policy, University  
of New England, Armidale.*

Email: [bdollery@une.edu.au](mailto:bdollery@une.edu.au)

<sup>3</sup>*School of Business, La Trobe University, Albury-Wodonga, Australia*

Email: [l.crase@latrobe.edu.au](mailto:l.crase@latrobe.edu.au)



# **Leadership in Contemporary Local Government Reform: The Lyons Report & its Implications for Australasian Local Government**

**ABSTRACT** This paper considers the impact of the increasing emphasis on leadership in public sector management as it pertains to local government. The reforms proposed in the recently completed Lyons Report into local government in England exemplify the current emphasis on leadership and offer a blueprint for change based upon an increase in financial power and decision-making capability within an overall framework denoted as ‘place-shaping’. We critically assess its prescriptions for leadership in local government and argue that any adoption of the ‘place-shaping’ agenda in Australasia has to be tempered with an eye to familiar problems in public sector organisations of accountability, rent-seeking, cost-shifting and equity.

**Keywords:** Public Sector and Community Leadership; Accountability; Charismatic Leadership; Followership.

## 1. THE LYONS REPORT IN COMPARATIVE INTERNATIONAL PERSPECTIVE

Across the globe, local government in both federal and unitary political systems has been the subject hotly contested and far-reaching reform processes for almost two decades (see, for instance, Dollery, Garcea and LeSage, 2008). Concurrent with its ‘Cinderella’ status (Aulich, 2005) these reform processes, while having a direct bearing management practices in line with developments in public sector management over this time<sup>1</sup>, have been principally concerned with addressing the financial plight of municipalities: In the vast majority of countries municipalities are viewed as being significantly underfunded or financially unsustainable. Yet the approaches to this nigh-universal problem have been very different across quite comparable jurisdictions, that is, where the municipal sphere of government is expected to provide a broadly similar range of service-delivery and democratic functions, all while juggling the complex relationship between political and managerial authority within constitutionally specific milieus.

In the Australian (federal) context, a plethora of reports at both state and Commonwealth level have emphasised this lack of financial sustainability and crisis in the face of increased functional responsibilities (see for example, CGC, 2001). By far the dominant policy response has been council amalgamation aimed at achieving savings through economies of scale, such that the number of councils has decreased from 840 in 1982 to 557 in 2008 (Grant and Dollery, 2008a). The approach has overwhelmingly been one of slashing costs, rather than viewing councils as having a positive role in economic development (as has been suggested by some commentators – see, for example, Jones, 2008). In the New Zealand (unitary) context, the recently completed Local Government Rates Inquiry

---

<sup>1</sup> In his review of managerial reform to local government in Australia over the last two decades, Marshall notes that ‘Apparently as late as the mid-1980s some senior Victorian government officials still viewed their local government sector as “a mediocre institution beyond redemption” (Dalton 1992, p. 216)’ (Marshall, 2008, p. 38). The subsequent managerial reforms introduced in Australia were extensive, many being initiated by the federal government and included increasing the qualifications of council employees, the National Office of Local Government introducing programmes of performance measurement, best practice and continuous improvement; the ALGA launching its own training scheme and the Local Government Manager’s Association following suit (Marshall, 2008: 38-39). Aulich (2005) adds that enterprise powers were granted to all municipalities in Australia through the reformed local government acts introduced from 1989 onwards and that local government managers in Victoria (and presumably elsewhere subsequently) ‘played important roles in “bedding down” the new reforms, especially compulsory competitive tendering (Aulich, 2005: 208).

(Department of Internal Affairs, 2007) has sought alternative sources of funding other than direct fiscal transfers to buttress the viability of its municipalities.

Similarly, the recently completed Lyons Inquiry into local government in England sought to address the issue of financial viability of English municipalities. The Lyons Inquiry was both 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 work<sup>2</sup>.

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, political economy and management theory, as well as financial economics, to stretch the canvas of reform to encompass the 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). So despite addressing the same problem of the sustainability of local government finances, the Lyons Inquiry offered a very different approach to this issue than had been offered in Australia or New Zealand; one that was grounded in

---

<sup>2</sup> 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 21<sup>st</sup> 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.

*political economy* rather than the comparatively shallow ground of fiscal economics. The Inquiry developed 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 was 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 leadership is 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. 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, accountability, cost-shifting, rent-seeking and equity. The paper concludes in section 4 with an

assessment of the place-shaping agenda's applicability to other local government jurisdictions, particularly the role it ascribes to leadership.

## 2. DEVOLUTION AND LEADERSHIP IN THE LYONS REPORT

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). Coupled with this structural and political complexity is what Jonathan Davies (Davies, 2008: 6) has recently labelled '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 has been burdened with 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 and advanced its 'place-shaping' agenda instead. 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 places'<sup>3</sup> (Lyons, 2006: 6). The second was developmental: The Inquiry asserts 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

---

<sup>3</sup> It is important to note that Lyons (2006: 6) does not see 'the argument for greater devolution as fundamentally questioning our redistributive approach to local government funding'.

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

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 (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’. Noteworthy here is that Lyons’ championing of both the theoretical principle of subsidiarity and the role that leadership can potentially play in economic development (as well as fulfilling a range of other functions) are applicable to a wide range of jurisdictional forms inclusive of those encountered in Australasia.

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, Grant and O’Keefe, 2008: 487). 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:

>> INSERT FIGURE 1 ABOUT HERE <<

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. Moreover, only one – ‘arbitrating between competing local interests and supporting community cohesion, taking tough choices where necessary’ – involves exercising arbitrary executive authority. Three have a strong knowledge claim attached to them: local political place-shapers ‘have a high level of understanding with local issues’ and ‘a strong evidence base which shapes [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:

>> INSERT FIGURE 2 ABOUT HERE

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, managers are given strong negotiating roles for ‘remit 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. Noticeable is the extent to which these prescriptive functions for managers go well beyond the reforms introduced under the influence of New Public Management (NPM) across Australian state jurisdictions over the last two decades.

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: ‘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.

### 3. 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)<sup>4</sup> 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, provides illustrations of most of the words and situations which have been used to describe leadership and leaders over the years: transactional,

---

<sup>4</sup> 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.

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, Down, Entwistle and Sweeting, 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 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. Beyond the classic distinction between 'transformational' and 'transactional' leadership reiterated by Burns (1978), 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 (2002) develops a theory of emotional intelligence based on self awareness. Wallis, Dollery and McLoughlin (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 public administration (PPA) (see Wallis, Dollery and McLoughlin, (2007)). Nevertheless, championing the degree of devolution and leadership that the Lyons Report does raises a series of questions which lead us to critically reflect upon the role of leadership in public sector management more generally. The first is that of accountability. To be fair, the Inquiry does recognise this problem (Lyons, 2007: 185), 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 second 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. It is naïve for us to expect all individuals placed in these situations to behave virtuously. Combined with 'light touch' accountability to central government, this can potentially lead to a significant risk of agency failure at the level of municipalities.

Third, 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, and in particular managers, 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 – of followership – 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.

#### **4. IMPLICATIONS FOR AUSTRALASIAN LOCAL GOVERNMENT**

In response to the criticisms levelled against the Inquiry's proposed reforms above, it can be argued that 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 [2006] 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 (see: Dollery, Grant and O'Keefe, 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 as evidenced in the prescriptive axioms for local managers. 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. 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, Dollery and McLoughlin, 2007: 133).

There is, of course, an alternative interpretation to this: Lyons offers us a distinctly liberal (and anti-bureaucratic) vision that revolves around leadership and is applicable to the broader populace as well as political and administrative leaders. This is most evident not in the prescriptive axioms the Report contains but the examples of ‘place-shaping’ the Report furnishes us with.<sup>5</sup> As well, articulating an economic vision for a specific locality can provide leadership based on hope. Yet this opportunity must be provided in contexts where accountability is procedural and where the integrity of public institutions (that are responsible for the quality of democratic engagement, not just economic efficiencies) is preserved beyond the influence of particular individuals.

---

<sup>5</sup> Lyons provides us with many examples of this. Thus, while one may (typically) think of service delivery for older people in the local community as being performed by quite discrete service-providing entities (either public or private), Lyons provides the example of Sheffield’s ‘Partnership for Older People Project’ which not only links service deliverers within a framework of a national programme (with the stated goals of promoting health, independence and hospital admissions), but extends this to incorporate an ‘Expert Elders Network’ consisting of volunteers seeking to be involved in the design of service delivery and capable of undertaking strategic considerations of service delivery mechanisms (Lyons 2007, 145).

## References

- Aulich C (2005) Australia: Still a tale of Cinderella? In B. Denters and LE Rose (eds) *Comparing Local Governance. Trends and Developments*. Palgrave Macmillan, Basingstoke: 193-210.
- Blair T (Rt. Hon, MP) (1998) *Leading the Way. A New Vision for Local Government*, Institute for Public Policy Research, College Hill Press, London.
- Burns JM (1978) *Leadership*, Harper and Row, New York.
- Casson MC (1991) *Economics of Business Culture: Game Theory, Transactions Costs and Economic Performance*, Clarendon Press, Oxford.
- CGC [Commonwealth Grants Commission]. 2001. Review of the Operation of Local Government (Financial Assistance) Act 1995. Canberra: AGPS.
- Chyene, C (2007) Changing political leadership: The New Zealand mayor in contemporary local governance, *Political Science*, 59 (1): 51-64.
- Cole M (2008) Local government reforms in Britain. In Dollery BE Garcea J and LeSage E (Eds) *Local Government Reform. A Comparative Analysis of Advanced Anglo-American Countries* pp86-113, Edward Elgar Cheltenham.
- Coulson A (2007) Local government leadership, the New Public Management, and politics in the UK and USA. Paper presented at Leading the Future of the Public Sector, The Third Transatlantic Dialogue, Newark, Delaware, USA; 31 May-2 June. Kind permission was granted by the author to cite this work in progress.
- Davies JS (2008) Double-devolution or double-dealing? The local government white paper and the Lyons review. *Local Government Studies* 34(1): 3-22.
- Department of Communities and Local Government (UK) (2006a) *Strong and Prosperous Communities. The Local Government White Paper*. London: Her Majesty's Stationary Office.
- Department of Communities and Local Government (UK) (2006b) *Invitations to councils in England to make proposals for future unitary structures/to pioneer, as pathfinders, new two-tier models*, Her Majesty's Stationary Office, London.

Department of Transport, Local Government and the Regions (DTLGR) (2001) *Strong Local Leadership, Quality Public Services*, Her Majesty's Stationary Office, London.

Dollery BE Garcea J and LeSage E Jr (Eds) (2008) *Local Government Reform. A Comparative Analysis of Advanced Anglo-American Countries*, Edward Elgar, Cheltenham.

Dollery BE Grant B and O'Keefe S (2008) Local Councils as 'Place-shapers': The Implications of the Lyons Report for Australian Local Government. *Australian Journal of Political Science* 43(3): 481-494.

Ester J (1998) Emotions and economic theory, *Journal of Economic Literature* 36(1): 47-74.

Entwistle T Martin SJ and Enticott G (2005) Leadership and service improvement: Dual elites or dynamic dependency? *Local Government Studies* 31(5): 541-544.

Goleman D Boyatzis R and McKee A (2002) *The New Leaders*, Time-Warner, London.

Grant B and Dollery BE (2008) Efficiency and democracy in Australian local government. *Working Paper 05-2008*, Centre for Local Government, University of New England, Armidale, accessed at <http://www.une.edu.au/clg/wp/05-2008.pdf> on 1 September 2008.

Grant B and Dollery BE (2007) Civic virtue and place-shaping in the Lyons Report on local government in England, *Working Paper 2007-16*, Centre for Local Government, University of New England, Armidale, accessed at <http://www.une.edu.au/clg/wp/16-2007.pdf> on 31 January 2008.

Haus M and Sweeting D (2006) Local democracy and political leadership: Drawing a map, *Political Studies*, 54(2): 267-88.

Hearfield C and Dollery BE (2008) Representative democracy in Australian local government, unpublished paper, Centre for Local Government, University of New England, Armidale.

Hermalin BE (1998) An economic theory of leadership, *American Economic Review*, 88(5):1188-1206.

Howlett M and Ramesh M (1995) *Studying Public Policy. Policy Cycles and Policy Subsystems*, Oxford University Press, Ontario.

Jones, S (2008) Can Australian local governments have a role in economic development?: Three cases of Evidence. *Urban Policy and Research* 26(1): 23-38.

Laski H (1938) *A Grammar of Politics*, George Allen & Unwin Ltd, London.

Local Government Association (UK) (2007) *Lyons Inquiry into Local Government – Place-shaping: a shared ambition for the future of local government*, Local Government House, London.

Lockhart SB and Lambert R (2006) *Making ‘place-shaping’ a reality. Joint Council of British Industry/Local Government Association statement on economic growth*, Local Government House, London.

Local Government Rates Inquiry Panel (New Zealand) (2007) *Funding Local Government. Report of the Local Government Rates Inquiry Pakirehua mō ngā Reiti Kaunihera ā-Rohe* accessed at [http://www.ratesinquiry.govt.nz/Pubforms.nsf/URL/FullReport\(ContentsSummaryRecommend\).pdf/\\$file/FullReport\(ContentsSummaryRecommend\).pdf](http://www.ratesinquiry.govt.nz/Pubforms.nsf/URL/FullReport(ContentsSummaryRecommend).pdf/$file/FullReport(ContentsSummaryRecommend).pdf) on 4 September 2008.

Lowndes V and Leach (2004) Understanding local political leadership: Constitutions, contexts and capabilities, *Local Government Studies* 30(4): 557-575.

Lyons Inquiry into Local Government. (2005) *Consultation Paper and Interim Report*, Her Majesty’s Stationary Office, London.

Lyons Inquiry into Local Government (2006) *National Prosperity, Local Choice and Civic Engagement: A New Partnership between Central and Local Government for the 21<sup>st</sup> Century*, Her Majesty’s Stationary Office, London.

Lyons Inquiry into Local Government (2007) *Place-Shaping: A Shared Ambition for the Future of Local Government*, Her Majesty’s Stationary Office, London.

Mant A (2008) The good oil on the old public service, *Sydney Morning Herald*, April 5-6 accessed at <http://www.smh.com.au/news/opinion/the-good-oil-on-the-old-public-service/2008/04/04/1207249457698.html> on 22 May 2008.

Marshall, NA (2008) Local government reforms in Australia in BE Dollery, J. Garcea and E. LeSage Jr. (eds) *Local Government Reform. A Comparative Analysis of Advanced Anglo-American Countries*, Edward Elgar, Cheltenham: 16-39.

Morrell K and Hartley J (2006) Ethics in leadership: The case of local politicians, *Local Government Studies* Vol. 32(1): 55-70.

Shelling T (1980) ‘The intimate context for self-command, *Public Interest* 8(2): 94-118.

Sullivan H Downe J Entwistle, T and Sweeting D (2006) The three challenges of community leadership, *Local Government Studies* 32(4): 489-508.

Thompson G Frances J Levacic R and Mitchell J (Eds) *Markets, Hierarchies and Networks: The Co-ordination of Social Life*, Sage, London.

Wallis JL Dollery BE and McLoughlin L (2007) *Reform and Leadership in the Public Sector. A Political Economy Approach*, Edward Elgar, Cheltenham.

Wilson D and Leach S (2000) *Local Political Leadership*, Polity Press, Bristol.

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

- 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.

Source: Lyons, 2007, 179.

Figure 2: Managerial leadership behaviours that support 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.

Source: Lyons, 2007, 181.