

|

Developing Collaborative and Innovative Approaches to the Delivery of Rural Services

A Report for Defra's Rural Community
Policy Unit

By Rob Hindle and Ivan Annibal

September 2011

Table of Contents

Executive Summary	4
Introduction	7
Consultant Team.....	10
Acknowledgements	10
Methodology Health Warning.....	10
How Rurality Affects Service Delivery	11
Emerging Challenges to Rural Service Delivery	14
Library Services	15
Primary Schools	17
Rural Bus Services	20
Highway Maintenance	24
Collaborative Local Solutions	26
Library Services	26
Primary Schools	28
Rural Bus Services	30
Using ICT to Support Local Solutions.....	32
Enabling the Transition	34
Enabling Local Solutions	34
Supporting Community	35
Enabling Statutory Service Providers	36
Leadership from Central Government	38
Closing Remarks.....	41
Additional Footnotes & References	44

This page is intentionally left blank

Executive Summary

This study has looked at the issues associated with maintaining and improving public services in rural areas during the period of austerity measures introduced by the 2010 Comprehensive Spending Review.

The study was carried out by a team from Rural Innovation led by Rob Hindle. It is based on enquiries made with Heads of Service in 8 Service Delivery organisations and on subsequent deeper analysis of four of these service areas (primary schools, bus services, libraries and ICT) carried out via consultation and review of operational practice. The research and consultation on which the report is based took place during 2010 and 2011.

It has found that there are distinctive characteristics associated with rurality such as sparsity, distance, geography and demography which influence the cost of service delivery and the way that rural services are delivered.

It has also found that characteristics associated with rural communities such as their inherent social capital, the history of engagement in community led planning, community asset ownership and self-reliance ensure that strong potential exists to maintain and safeguard rural services through a shift to collaborative delivery models.

The study sets out evidence of the pressures faced by providers of statutory rural services and identifies vulnerabilities in existing models of service delivery. It demonstrates how these vulnerabilities are linked to certain characteristics associated with rurality, and identifies services such as libraries, small schools, bus services, and winter road clearance, and geographies (sparse and peripheral areas), where current models of delivery are likely to come under the most stress.

The study found that those providers of public services interviewed in rural areas have been used to having to do more with less for some time, but that some areas and services are nearing a “tipping point” beyond which it will be very difficult to maintain the current model of service delivery.

The study has also identified a range of successful examples where service providers and communities have collaborated to safeguard and improve services. The examples were sourced by a web review and through requests for recommendations from the consultants network of professional contacts and the wider Rural Services Network and include models local delivery of Library Services, Primary Schools and Rural Buses. The report goes on to identify that capacity and knowledge around collaborative local solutions remains fairly thinly spread amongst communities and statutory service organisations and identifies a series of actions which if followed would (in the view of the authors) improve the ability of parties to collaborate effectively.

These suggestions are provided for consideration by the three core participants in collaborative local delivery of public services in rural areas; communities, statutory service providers and central government.

Actions which may help communities and community groups safeguard and maintain services through collaborative local service delivery include:

- the need for organisation in order to respond to offers of engagement from statutory service providers
- work to build awareness of the potential (and imperative) to "treat" with statutory service providers amongst community leaders and representatives
- thinking to determine which services are a priority and where community groups will be best able to develop a viable and sustainable local solution - the nature and scale of "local solutions" will differ from service to service - for example a number of small communities will have a common agenda around a small school whilst the provision of local retail may rely on only one or two communities to succeed
- work to secure resources in addition to seeking public sector contracts (e.g. in terms of Parish Councils -the precept) and to assess risks and responsibilities
- a review of examples of successful models and to network and share good practice in this context
- research into what help may be available locally (e.g. from business and from the civic sector)

The actions that central government might take to improve participation in collaborative local service delivery include:

- encouragement to statutory service providers to make working with communities to develop collaborative local solutions the "default" position when re-configuring service delivery should be to work
- encouraging and enabling statutory service providers to change their attitude to risk (especially around procurement and performance management) to facilitate the effective decentralisation of service delivery to communities.
- understanding the potential impact on unit cost of delivery from the development and implementation of collaborative local solutions for service delivery and enabling these issues to be taken into account in procurement
- identifying and promoting good practice and sharing learning
- encouraging statutory service providers to invest in capacity building (as part of the cost of transition to collaborative local delivery) and to develop a "portfolio" of specific and diverse solutions best suited to local circumstances rather than a single "one size fits all" approach

The actions that statutory service providers might take to promote and develop collaborative local service delivery include:

- accepting that it will be necessary to take some risks in sharing service delivery with communities

- work to fully understand local conditions, how communities work and the logistics and cost drivers of service delivery in different locations, in order to design and implement appropriate community contracting solutions
- work to identify and remove procedural and cultural barriers to collaborative service delivery around procurement approaches and the encouragement, in terms of service delivery, of subsidiarity
- accepting the need to embed capacity building during transition of responsibility for service delivery
- readiness to factor additional criteria beyond “value for money” into procurement decisions and performance appraisal

The over-arching finding is that a real shift in models of service delivery may be achieved if the opportunity is taken to develop a new process of structured engagement between communities and public service providers, enabled by Government. This is important because in the current financial climate traditional models of service delivery are in danger of becoming “unfit” for purpose. The study’s findings suggest that the recent annual challenge faced by service deliverers to find a way of delivering similar outcomes for modestly smaller sums of money lacks the radical innovation required to absorb the scale of change now being faced. Getting by “doing less of the same” needs to be replaced by an approach which seeks to “achieve more by doing things differently”.

Introduction

Significant reductions in funding available to deliverers of public services means that it will be necessary to find new approaches to maintain and enhance services. This challenge is particularly acute in rural areas where characteristics associated with rurality - smaller and more dispersed populations, greater distance and limited availability of “delivery” infrastructure - add to the unit cost of delivery.

This report seeks to help policy makers and service providers address this challenge by providing a greater understanding of the cost drivers associated with service delivery in rural areas and the impact of rurality on those cost drivers, and by highlighting emerging solutions based on collaboration between service provider and local communities. It provides some key insights into the process of innovation in rural service delivery beyond alternative funding and structural changes, whilst highlighting the considerable scope that exists to engage in more radical local solutions.

The study was carried out by a team from Rural Innovation led by Rob Hindle. It is based on enquiries made with Heads of Service in 8 Service Delivery organisations and on subsequent deeper analysis of four of these service areas (primary schools, bus services, libraries and ICT) carried out via consultation and review of operational practice.

The eight service areas initially explored are shown in Figure 1 below. These were chosen following a review of those services which have been identified (in the literature¹) as important to rural communities, and those which are currently, or have previously, been monitored at national level². The choice of service providers was made to reflect a range of geographical conditions and different types of service delivery organisation. It was agreed with the Project Steering Group.

Figure 1: Service Areas and Organisations

Service Area	Service Delivery Organisation
Primary Schools	Devon County Council
Bus Services	West Yorkshire Passenger Transport Executive
ICT	Shropshire Council
Flood Alleviation and Coastal Defences	Lincolnshire County Council
Highways	Northumberland County Council
Waste Disposal	East Riding Council
Housing	Hampshire Rural Housing Alliance
Library Services	Mid Bedfordshire Council

¹ West Midlands Rural Services Scoping Study, Roger Tym & Partners, 2006; Fair Access to Rural Services in the North West, Rural Innovation, 2006; Rural Community Sustainability Study, SQW Ltd, 2008

² Defra Rural Service Standards, CRC / Defra Rural Services Data Series

The initial phase of the study focused on the cost drivers associated with delivery of services in rural areas and the threats to those services from a period of public sector restraint. It found that providers of public services in rural areas who were interviewed for the study have been used to having to do more with less for some time, and that some areas and services are nearing a “tipping point” beyond which it will be very difficult to maintain the current model of service delivery. For example:

Highways departments are reviewing their hierarchy of assets to ensure that reduced maintenance and winter care budgets are used to best effect.

Education authorities are reviewing their local funding formulae and the level of support they are able to provide to schools from central resources. Sparse rural areas face difficult choices over their ability to fund ubiquitous free travel to school and to comply with the Government's continued presumption against the closure of rural primary schools.

Passenger Transport authorities face challenges retaining subsidised routes and services; this challenge is exacerbated in rural areas. In some instances the restructuring of specific grants including the Rural Bus Subsidy Grant may directly threaten services to rural communities.

Library services are reviewing their operations, the reach of their network and their ability to maintain their existing estate.

Health and adult social care providers are looking for innovative ways to maintain outreach services across rural areas as functions are increasingly centralised.

Service delivery organisations interviewed for this study are all looking to ICT and internet applications as part of new ways of working. The lack of ubiquitous access to broadband (fixed and mobile) and the low bandwidth available across many rural areas is currently a material constraint to innovative “online” service delivery.

Evidence on cost drivers relating to rural service delivery acquired from local service providers show that characteristics linked to rurality have an important influence on unit costs of delivery.

The age profile, distribution of population (critically of that proportion of the population that is a consumer of services) and people's ability to access services - either through travel or virtually - all have an impact on the unit cost of delivery to the service provider.

Service delivery in rural areas where these characteristics are most extreme is therefore likely to be most vulnerable to the impact of spending cuts.

Many decisions about the use and allocation of funding for service delivery within local areas are a matter for local politicians. Intelligence gathered from consultation with heads of service in the course of this research suggests that the

ability of service providers to maintain their current approach to service delivery in the face of reduced budgets for the financial year 2011- 2012 will be substantially challenged. In some instances a complete rethink in the way that services are delivered may be required.

One option available to service providers is to work more closely with local communities. There are already some excellent and inspiring examples of local communities and service providers working together to retain, improve and extend the reach of public services into rural areas.

This report seeks to support the development of this type of collaborative solution. In putting it together the consultant team discussed key challenges, cost drivers and potential for innovation with heads of service for schools, libraries, transport and IT at a number of local authorities with rural territories.

The remainder of the report is split into four main sections.

Section Two considers how rurality affects service delivery and identifies emerging challenges to rural service delivery resulting from reductions in available funding. It provides an insight into the obligations faced by service providers, the basis of funding allocations, the “drivers” that influence the unit cost of delivery and considers emerging challenges to the future of rural services.

Section Three looks at emerging challenges to rural service delivery in terms of factors which relate to both the characteristics of place and characteristics associated with the people that live in rural areas. It looks at both long term trends around issues such as demography and shorter term challenges linked to funding reductions.

Section Four provides examples of a series of local solutions developed to safeguard and enhance future rural delivery of the three key services analysed in the previous section. It then briefly considers the potential for the use of ICT to support rural service delivery in the future. These examples were sourced by a web review and through requests for recommendations from the consultant's network of professional contacts and the wider Rural Services Network.

Section Five builds on this analysis and considers the way forward, identifying the potential offered by collaborative local solutions and the challenges in implementing them. It subsequently sets out a series of actions that may need to be taken by communities, service providers and government.

The report concludes with closing remarks designed to help policy makers when considering how they might enable collaborative and innovative service delivery in rural England.

Consultant Team

The study was carried out by a consultancy team led by Rob Hindle of Rural Innovation. Rob worked closely with Ivan Annibal from Rose Regeneration and was supported by Professor Glyn Owen and Dan Bates. This report has been written by Rob Hindle and Ivan Annibal and produced by Rural Innovation.

Acknowledgements

The consultancy team would like to thank the Project Steering Group, led initially by Ian Baker from Defra and subsequently by Justin Martin from the Rural Communities Policy Unit, and the officers from local authorities who gave their time to contribute to the study. Contributions were made by Northumberland County Council, West Yorkshire Passenger Executive, Devon County Council, Shropshire Council, Mid Bedfordshire Council, Lincolnshire County Council, North Dorset District Council, New Forest District Council and East Riding Council.

We would also like to acknowledge contributions made by colleagues from the Department for Communities and Local Government.

Methodology Health Warning

The findings are based on consultation with heads of service and practitioners including those from the eight selected service delivery organisations, from review of published research studies, from analysis of case study examples and from the author's wider experience. The findings should not be considered as nationally representative and the experience of wider local authorities may differ. It does, however, provide insight into issues and challenges that are specific to public service delivery in rural areas.

How Rurality Affects Service Delivery

It is acknowledged by rural stakeholders and service providers that delivery in rural areas can carry a cost premium over delivery in urban areas. In their 2010 paper *The Rural Challenge*, the Rural Coalition state:

“Rural services will be more vulnerable than most to public finance constraints since rural service delivery, even at its most effective, is more expensive per head of population than in urban areas. Pressures to deliver more for less money will inevitably lead to further loss of local services altogether - unless communities are empowered, as the term ‘Big Society’ suggests, to design appropriate local service levels and means of delivery, building on a rural culture of self-help that is already very high.”

Defra commissioned research in 2004 from Secta to review published evidence that supports (or contradicts) the Rural Premium³. Secta found that collectively the studies reviewed concluded that ‘rural areas face greater difficulties in providing services to the same standard of effectiveness at the same levels of costs as in urban areas and that as a result either cost is higher (in rural areas) or performance (response times, access and so on) is lower’

During the course of research to support this report the consultant team undertook a financial analysis of 14 services and subsequently researched the delivery of a “suite” of 8 public services operating in rural and urban areas. The team identified a range of cost drivers associated with service delivery which mean that the “cost per unit” of delivery is higher in rural than in urban areas of the same population scale.

Where services are delivered to or consumed by people these additional costs relate mainly to sparsity, the density of consumers, the spatial distribution of consumers, and the time and / or cost of travel associated with accessing the service.

Where services are based on infrastructure, for example highways or flood defences, the premium is derived from the lower number of people benefiting from or using the asset and higher costs incurred in meeting national design or construction standards resulting from local conditions influenced by geography.

Examples of a rural premium identified during consultations and research carried out in support of this report include:

Public Transport (West Yorkshire Passenger Transport Executive)

The economics of bus operation mean that those routes with the longest mileage and lowest numbers of passengers will offer the poorest returns.

³ Review of evidence on additional costs of delivering services to rural communities. SECTA, April 2004

Consequently these kinds of routes carry the highest "cost per trip". They are the first to be affected by any reduction in commercial services and are the hardest for PTEs to justify against Value for Money criteria.

Libraries (Central Bedfordshire)

The maintenance and staffing of libraries and the provision of physical books and other items are the key big scale costs of the running of the library service. The "unit cost" of delivery - whether measured by lending or customer is directly influenced by the size of the catchment for each library unit and the density of population within that catchment.

Rural Housing (New Forest)

The availability of funding to deliver rural affordable housing is based on a flat grant rate of around £65,000 per unit (with no number of bedrooms specified) as a South East wide cost. HCA funding is supplemented by resources available from market housing development driven by levels of private sector housing development interest in the provision of housing.

The New Forest's status as a National Park means that material additional costs are incurred by developers as the result of design and construction conditions. These issues are replicated across the 9.3% of England which is covered by England's network of National Parks⁴

Primary Schools (Devon)

Delivery costs are driven by requirements placed on the education authority by government, the means by which the LEA chooses to deliver against those requirements, and the context in which it operates. This context includes geographical and cultural factors as well as the "legacy" position - the school estate and workforce. Core costs relating to education provision relate to: teaching staff, the school management team, support staff and facilities.

These costs can be influenced by local factors and vary as a result of the make up of the workforce, (for example Devon's teaching cohort includes many teachers at the top of their pay grades), the age and condition of the school estate and the ability of schools to share facilities and management. Geography also has a direct impact on the cost of service delivery. It leads to smaller schools which have higher base costs and lower economies of scale.

The additional unit cost of service delivery in rural areas means that they perform badly when assessed against value for money criteria. Policy on local funding decision making which is driven by value for money criteria fails to take full account of wider social and cultural benefits delivered by some rural services, such as the social and educational impact of small schools, the contribution of affordable housing to the sustainability of small rural communities and the contribution which subsidised rural bus services make to combating social

⁴ ENPAA 2011

exclusion and isolation amongst older people and young adults. This makes rural services vulnerable to decisions driven by the need to save costs.

Emerging Challenges to Rural Service Delivery

The significant reductions in the level of funding available to organisations responsible for public services is likely to affect their ability to maintain delivery in urban as well as rural areas. However with local service providers active in territories comprising rural and urban areas suggests that factors associated with, or deriving from, rurality are likely to increase the likelihood of a reduction in funding impacting on the level and form of delivery in rural areas.

Issues reported to affect the ability of service providers to maintain service levels in rural areas relate both to characteristics of place (geography, topography, availability of infrastructure and service points, dispersal of population) and characteristics associated with the people that live in rural areas (demography, household income, economic well-being and access to support networks).

Challenges to the future of rural service delivery associated with rurality identified during the research include:

The threat to the achievement of recycling targets by local waste authorities due to increased costs associated with collection in sparse rural areas and pressure on the number and scale of household recycling centres.

Increased threats to the future of small primary schools in sparsely populated rural areas due to the high level of subsidy (in terms of cost per pupil) needed to maintain these schools and the difficulty of retaining a viable leadership and teaching resource.

Risk of a disproportionate impact on publicly subsidised bus services in rural areas due to the higher subsidy cost per passenger associated with these routes.

The threat to the maintenance of outreach Health and Social Care services due the higher unit costs of serving patients in sparse and remote rural areas and the increased centralisation of facilities resulting from the need for scale.

A reduction in the provision of Library Services in rural areas, particularly in terms of the provision of information, recreation, informal learning and outreach facilities to dispersed populations

A sharp reduction in the viability of rural affordable housing schemes due to additional costs associated with rurality (e.g. high design standards in National Parks) and incurred in meeting national standards of design and construction in some rural locations (e.g. compliance with Code 4 for Sustainable Homes without access to mains gas).

It is possible to conclude from these findings that the increasing vulnerability of some rural services (to reductions in funding) results from a number of factors linked to rurality - such as costs associated with distance, the dispersal of consumers and the need to replicate facilities and resources across a number of small locations.

The following sections provide a more detailed insight into the allocation of funding and cost drivers associated with rural service delivery based on a detailed analysis of four service areas; libraries, primary schools, rural bus services and highways maintenance. They identify a number of challenges to the future of these services in rural areas, many of which will be common to other services. These challenges derive mainly from the higher unit cost of delivery incurred in rural areas and the implications this has for future allocations of funding when comparisons are based solely on "value for money" criteria and fail to take account of social or wider cultural factors,

Library Services

Scope of Delivery

The 1964 Public Libraries and Museums Act requires local authorities to provide a comprehensive and efficient library service, set in the context of the needs of those who live, work and study in the local area². It does not prescribe the method or extent of delivery required, leaving the design of service delivery to individual local authorities.

In the absence of a statutory framework The Audit Commission developed a suite of indicators to assess the performance of library services. These are quantitative in nature and relate to the range and scale of facilities provided, the uses made of these facilities (and the services associated with them), and the cost of maintaining the facilities and services:

Library Service providers use a number of these indicators in different ways to assess their overall effectiveness, and so the distribution of funding across their service lines. For example in Lincolnshire the Library Service measures overall cost effectiveness by looking at the cost per interaction with the public in each library setting (permanent library, mobile, drop-in etc.)

Allocation of Funding

Local Authorities are not provided with direct or "ring fenced" funding for library provision; instead funding is sourced from a combination of Area Based Grant resources and income raised through Council Tax. Library Services are therefore included within a "basket" of Cultural and Environmental services which local authorities are responsible for delivering.

The level of expenditure on library services in rural areas is based on local funding allocation strategies; these are unique to each local authority territory.

Decision makers take into account implications for service delivery and the likely consequential political and reputational issues linked to any changes in service levels when determining how to respond to budget cuts.

In Lincolnshire³ a fundamental service review has generated 5 specific objectives which will be used to determine delivery structures and the allocation of funds. These are to:

- develop a branch library network that is fit for purpose, affordable, sustainable and able to support the delivery of the Council's strategic objectives.
- increase the use of the library service by existing members and by attracting new and different members through outreach and community engagement.
- make better use of Council facilities by relocating and co-locating library services with other service providers, including the Lifelong Learning Service.
- find out what people want from their local library service through a District-based public consultation exercise.
- develop a range of service delivery models in partnership with Districts, neighbouring authorities and local communities

Cost Drivers

The physical maintenance and staffing of libraries and the provision of books and other items are the core costs associated with the library service. Whilst these costs differ depending on the scale of activity there is a minimum level of cost associated with each library, in terms of books, staffing and related costs, regardless of its size.

The number, extent and use of libraries has a major impact on metrics used to measure the unit cost of delivery. Activity levels are lower in rural than in urban areas. DCMS figures indicate that between 2005/6 and 2009/10 the proportion of the population using rural libraries usage fell from 47.1% to 37.5 %, and that urban usage reduced from 48.5% to 40.1% of the population over the same period.⁴ This fall in the numbers using library services must inevitably drive up unit costs and make it harder, for Library Services -which have significant fixed costs - to deliver value for money when measured on "cost per customer interaction".

The physical location of libraries is also a key challenge to future delivery. Many existing libraries are located outside of current areas of demand and need. This is often the case in smaller settlements. For example Lincolnshire has 48 permanent libraries, many of which are located in small settlements. Inevitably the unit costs associated with individual libraries are influenced by their size and the level of use made of them.

Library Services in a number of authorities also spend significant sums on mobile provision. This can take a number of forms ranging from large mobile libraries with up to 3500 books to small personal delivery vehicles visiting individual homes to pick up and drop off pre-ordered books.

Emerging Challenges to Rural Library Services

Councils responsible for Library Services face a number of challenges. High fixed costs associated with library premises and the provision of mobile services will become increasingly difficult to justify in the face of budget cuts. Library Services

also face new costs relating to the current challenges of adapting service provision to meet changing lifestyles and people's changing expectations of library services. At the same time they must meet the demands of an ageing population whilst trying to update the delivery of services to align with the digital requirements of younger consumers.

In Lincolnshire the drive to squeeze additional value out of libraries as multi-use facilities, providing service outlets for District Councils, has stalled as a consequence of the funding challenges faced by Districts. This was a key plank of the Council's fundamental library service review aimed at keep libraries open in rural areas.

Maintaining mobile provision for rural communities is also a major challenge. This is because of the high unit costs of delivery (when measured using the Audit Commission metrics) associated with mobile provision compared to fixed libraries or digital services.

It is also important to note that the absence of a clear national minimum standard for Library provision means that it may be easier for Councils to reduce service levels for library services compared to other services with a strong statutory component. When making choices between service areas which are "discretionary" and "statutory", "discretionary" services are always likely to be more vulnerable.

Primary Schools

Scope of Delivery

Local Education Authorities are responsible for the provision of education for school age children in their territory. Education at Primary School level has traditionally been provided in smaller schools than at Secondary level. Primary schools have historically been provided for individual communities, leading to a school estate spread across a local authority area, with the geographical distribution and relative size of individual schools influenced by the settlement pattern and topographical conditions of the local area.

Allocation of Funding

Funding schools provision is complex. Local Education Authorities receive a lump sum from central government to spend on schools each year. The quantum of funding received is based on the number of children in education and their needs. Current funding also includes an allowance for rurality in order to offset the higher costs associated with maintaining schools in rural areas.

It is a matter for the local education authority to determine how best to use this money within and across its territory. This is done on the basis of a local funding formula which allocates money to schools based on their needs and their rolls (the number and age of children in the school). Local Education Authorities also need to

take account of the Government's continuing presumption against the closure of rural primary schools.

The principle that an element of schools funding follows pupils means that fewer children attending a school - whether as a result of a lower populations of school age children within the catchment, or of parental choice - leads to a reduction in funding for the individual school. Where primary schools have very few pupils - fewer than 100 in some instances, 50 in another - this can lead to a lack of financial viability.

"The closure of village schools is an emotive subject and councils are striving to keep them open wherever possible. However, primary pupil numbers have fallen by nine per cent in ten years and there is a large surplus of places in many areas. Falling school rolls can adversely affect children's education and cause serious financial problems for schools so, in some cases, councils cannot justify keeping them open."

LGA press release 30th January 2008

Cost Drivers

Costs for schools are driven by requirements placed on the local education authority by statute and Government policy, the means by which the LEA chooses to deliver against those requirements, and the context in which it operates. This context includes geographical and cultural factors as well as the "legacy" position - the school estate and workforce.

Core costs of education provision are associated with:

- Teaching staff
- School management team
- Support staff
- Facilities

These costs are influenced by local factors and vary as a result of the make up of the workforce, (for example in Devon the teaching cohort includes many teachers at the top of their pay grades), the age and condition of the school estate and the ability of schools to share facilities and management.

These costs are subject to inflation. Increases in the cost of energy and other utilities have to be contained within the budget. These costs are also influenced by specific requirements of government, for example the recent focus on special education needs and the extended school agenda.

There are also additional costs related to rurality such as the impact of travelling time incurred by central advisory staff (e.g. Education Welfare Officers). Analysis of time recording undertaken by Devon's team of 7 school finance officers showed that the aggregate time spent travelling over a year equated to 1.5 full time equivalent posts.

The Independent Policy Commission on Primary School Organisation in Shropshire⁵ published in July 2009 found that the cost of service delivery in rural areas was higher than in urban areas. They also found that additional (per pupil) costs were directly associated with the size of the school.

The legacy of all children going to school within walking distance of their home has created a network of small schools in rural areas. In 2008 there were over 2,600 primary schools in England with fewer than 100 pupils - around 15% of all primary schools. Of these almost 700 have fewer than 50 pupils. The position is far more extreme in substantially rural counties; at the time of writing Devon has in the region of 360 schools of which nearly half have fewer than 120 pupils. Lincolnshire has in the region of 370 schools of which 92 have fewer than 100 pupils, and back in 2004 North Yorkshire had 172 primary schools with fewer than 100 pupils.

If starting afresh, neither county would be likely to design the current number of schools or their locations as its chosen model. The nature of rural England's geography is such however that there will always be a need for some small rural schools as sites for locality provision of learning.

Small schools have higher base costs and lower economies of scale. In Devon per pupil funding for 2009 was £8705 for schools with fewer than 30 pupils compared to £3628 for schools with between 180 & 220 pupils and a county average of £3606.⁶

A similar premium exists in Lincolnshire where the range is £1500 to £7500 per pupil.

Local Educational Authorities acknowledge the importance that communities' attach to their local schools. Small schools often achieve good educational outcomes; the Independent Commission in Shropshire (referenced above) found evidence of good education in small schools and highlighted Ofsted's assessment that many small schools provide good or outstanding education.⁷

In achieving these results though, funding per pupil may be two, three or four times a counties average. This differential - and associated cross-subsidy- is becoming increasingly difficult to justify.

“In 2009/10 the average funding per primary age pupil in Devon was £3202.90. For a school with fewer than 20 on roll the cost is £9132 per pupil; for a school with 233 pupils on roll the cost per pupil is £2704. Financial support comes directly from the Dedicated Schools Grant (DSG). Unviable schools therefore reduce the overall funding available to other schools. If an authority retains too many unviable schools in the system there is less funding available for all schools.”

Devon Education Forum

⁵ [http://www.shropshire.gov.uk/policycommission.nsf/viewAttachments/CFAW-8F7EF5/\\$file/Independent-Policy-Commission-Report.pdf](http://www.shropshire.gov.uk/policycommission.nsf/viewAttachments/CFAW-8F7EF5/$file/Independent-Policy-Commission-Report.pdf)

⁶ Devon Education Forum Sustainable and Viable Schools Consultation 2010

⁷ Ofsted (2000); Small Schools, How Well Are They Doing?

Emerging Challenges to Rural Services

The Local Education Authorities consulted in the preparation of this report both expressed concerns about their ability to maintain the school estate at its current level. They reported whilst they do not expect the amount of money they receive from the Department for Education to pay for schools to be cut (funding for schools has been protected in the Comprehensive Spending Review) they are facing significant reductions (in the region of 25% -30%) in the part of their budget which is paid for by the Council itself.

This funding supports the central “LEA” function which includes educational support, provision of internet connectivity, administration and budgets, support for school governors and leadership and school transport. Pressure on LEA budgets will inevitably lead to a keener focus on the unit cost (cost per pupil) of education and will make it increasingly difficult to justify hefty (per pupil) subsidies to small rural schools.

Both Heads of Service consulted expressed concerns that their ability to support and intervene to help keep smaller rural primary schools open will be severely restricted. As funding is reduced this position will be exacerbated and it is inevitable that there will be an increased focus on the viability of smaller rural schools. This may threaten the future of individual schools. It is no coincidence that Devon Council has recently renewed and re-issued its procedure for school closure.

Rural Bus Services

Scope of Delivery

Public transport is an important service for those living in rural areas with limited personal mobility. Despite the high incidence of car ownership in rural areas 25% of lowest income households do not have access to a private transport and a further 51% of these households have access to only a single car between them⁸.

The unit cost of delivery for public transport is substantially affected by rurality; the costs of delivering a bus service relate the provision of the vehicle (ownership, maintenance and insurance), the driver and fuel used. These costs are minimised on short trips which carry high numbers of passengers and are exacerbated by high mileage trips on more challenging topography, often undertaken on poorer roads.

De-regulation of bus services has meant that the majority of services are run by private sector companies. Inevitably these operators will only maintain services where they can secure an acceptable profit margin. Only very few rural routes are commercially viable.

⁸ State of the Countryside 2010, Commission for Rural Communities

Local authorities have powers⁹ which enable them to use public funds to subsidise public transport services where there is deemed to be a social need which is not being met by commercial services. These social services are provided by private sector bus operators as contractors to the transport authority. They are paid for by public funding, using either the central bus subsidy or specific funding (such as the Rural Bus Subsidy Grant) provided by the Department for Transport or local funds contributed by councils and service providers.

When procuring social services transport authorities are required to have due regard to risk of unfairly competing against a privately run service.

Allocation of Funding

Public subsidy for public transport in 2007-08 totalled £2.485 bn¹⁰. This included £725 million for Concessionary Fares (free bus passes for the over 60s) and £650 million for services in London. Local Authorities received an estimated £330 million to support local services. In addition a Rural Bus Subsidy Grant totalling £56 million was shared amongst local transport authorities, just 2% of total spending.

Specific grants (e.g. the Bus Service Operators Grant and the Rural Bus Subsidy Grant) are distributed by the Department for Transport. Money which can be used by local transport authorities to provide social services is included within the Local Government Finance Settlement and allocated to each local authority via the Formula Grant.

Subsidised services are procured within the overall framework of an Authority's policies, where they are considered to be socially necessary and no commercial service or adequate commercial service exists.

Transport services are also funded by contributions from other service providers, for example Primary Care Trusts often provide funding for specific routes and services to help improve access to health care.

In determining the allocation of resources to subsidised routes a PTE's primary objective is to protect the existing network. PTE's apply a "needs based" criteria. Decisions around the need to subsidise services are generated by local accessibility planning and consultation. All decisions to support social services are subject to a Value for Money test which is set out in the 2000 Act.

Tests include an assessment of accessibility (using the Accession software and mapping capability) and an analysis of use on the existing route or a relevant comparable. Any less than 6 people using a service on each trip would suggest that the service would be likely to exceed an acceptable subsidy threshold of £2.50 per person per trip. Any more than 20 passengers per trip would indicate that the route could be run commercially and should not be subsidised.

⁹ Transport Act 2000

¹⁰ DfT Local Bus Services Support - Options for Reform, Consultation Paper 2008

Funding Rural Bus Services

West Yorkshire Passenger Transport Executive

Around 80% of bus services in West Yorkshire are unsubsidised and are operated for profit. The remaining 20% are supported by public subsidy.

The core service has a reasonable reach into the rural area although its focus is mainly on connecting smaller rural service centres with the larger towns and cities.

West Yorkshire PTE spent £24.6 million on social services in the 2008 - 2009 year. Of this 70% (£17.2 million) was used to extend the hours or reach of commercial services. Of the remainder the PTE calculates that 20% (£4.9 million) was spent on the provision of additional services in rural areas and 10% (£2.5 million) on additional services in urban areas. This expenditure included the £1.1 million Rural Bus Subsidy Grant.

Spending on rural routes focused on the Pennine areas, and in particular to support bus routes up the many valleys to provide connectivity with local service centres.

Cost Drivers

The main costs of service delivery relate to labour, insurance and fuel. All contracts for tendered services include an annual uplift for inflation (based on the RPI) however in recent years “industry inflation” (the cost to operators of labour, vehicles, insurance and fuel) has been running at much higher levels. This places pressure on the volume and levels of service that can be secured when retendering social routes.

The cost per passenger is also substantively massively influenced by the type of route and the level of usage.

Analysis of rural bus services in Yorkshire and Humberside in 2005¹¹ showed the significant range in costs experienced across services in “accessible” and more remote rural areas. A service in and around Hebden Bridge cost only £0.75 per passenger journey whilst a similar service focused on Otley cost £2.27 per passenger journey. The highest cost per passenger journey recorded was over £30 (Little Red Bus, Hawes) whilst the lowest was the Hebden Bridge service. If the “outliers” (such as Hebden Bridge and Hawes) are ignored the range in cost per passenger journey was from £23 to £3.

Passenger Transport Executives and Local Transport Authorities tend to view a subsidy per passenger journey of £2.50 as being the maximum acceptable in value for money term. In fact in a recent submission to the Department for Transport on

¹¹ Strategic Rural Transport Framework, Yorkshire and Humber Regional Assembly, JMP, 2005

the Rural Bus Subsidy Grant a group of PTE's¹² have claimed that their average subsidy per passenger journey across their whole territory is closer to £1.50.

Operators involved exclusively in Community Transport face higher costs which they are unable to offset completely through use of volunteers as they are unable to “piggy back” onto commercial services. The “market leaders” in this area - services like MiBus, Connect2Wiltshire and Lincolnshire's Call Connect all operate at a subsidy in the region of £3 per passenger journey, nearly double that achieved by Integrated Transport Authorities in metropolitan areas.

Emerging Challenges to Rural Services

The range and level of bus services across most parts of England are under pressure. Profit margins are being squeezed on commercial routes due to significant increases in the cost of fuel and insurance. Whilst government has attempted to mitigate the impact of fuel price rises on services (via the Bus Services Operators Grant) this has not fully protected operator's profits and so their ability and readiness to maintain services.

De-regulation means that private sector operators can undermine services across a network by closing commercial routes or reducing the levels of service that they provide on tendered routes. In many areas provision is dominated by a small number of operators, for example West Yorkshire PTE reported in the interview conducted as part of this study that it often receives only one response for tendered contracts.

Any further pressure on operator's profit margins is likely to exacerbate the current threat to rural services. Passenger Transport Authorities expect operators to use surplus profits from some routes to subsidise others - a 15% profit margin is an acceptable benchmark - however West Yorkshire PTE reported that it has proven very difficult to identify surplus profits and so make this argument stick.

It can be difficult for the local transport authority to maintain a strategic approach to provision of a “portfolio” of social routes. All too often they have to respond decisions or threats by operators to reduce or withdraw services from less profitable routes.

The economics of bus operation mean that those routes with the longest mileage and lowest numbers of passengers will offer the poorest returns. Consequently these kinds of routes are the first to be affected by reduction in commercial services and are the hardest for transport authorities to justify when assessing unit cost against any kind of Value for Money criteria.

Subsidised services are extremely vulnerable to short term funding streams. Proposals to create a (smaller) “single pot” for transport funding makes local and rural transport vulnerable to competing demands. The proposal to reconfigure Bus

¹² Rural Bus Subsidy Grants in the Major Conurbations; A Submission by Integrated Transport Authorities to the DfT Consultation on Local Bus Service Support, 2008

Service Operators Grant (BSOG) to advantage those services that have high use is also likely to further undermine rural services.

Social services and Community Transport solutions in rural areas are predominantly funded by Rural Bus Subsidy Grant. If this Grant is cut, or “lost” within a reduced single pot local transport authorities have advised us that services are likely to reduce accordingly.

Highway Maintenance

Scope of Delivery

The vulnerability of rural services can also be exacerbated by the way that service delivery is planned and delivered. Take for example the position relating to Highways Maintenance in Northumberland. Highway and bridge maintenance is the responsibility of higher tier local authorities acting as a Highways Authority.

Allocation of Funding

The level of funding allocated to the Highways Service within each authority is determined by the budget set by the Local Authority - in this instance Northumberland County Council.

The allocation of budget across service areas has traditionally been based upon previous practice, flexed to take account of unavoidable changes in costs (e.g. increased cost of street lighting due to rising energy prices), one off costs associated with major schemes and contingency for exceptional costs (e.g. bridge repairs and replacement following flooding).

Once funding is allocated to the spending department in Northumberland CC its use is dictated by the work programmes developed by the Asset Management Teams. Prioritisation is achieved using a series of criteria designed to take account of national targets and local priorities. These priorities are expressed in a local “hierarchy” which sets out the relative importance of roads and bridges. This follows national classification (A roads, B roads, C roads and unclassified roads) but is flexed to take into account specific local circumstances in order to reflect the importance of individual roads / routes to local communities.

Factors considered include whether the road is part of a public transport bus route, whether it serves settlements which host key service points (e.g. hospitals, schools or GP surgeries) and the relative importance of the route for access to individual communities.

Cost Drivers

The cost of maintaining roads and bridges is determined by common factors, such as the price of materials and the cost of labour as well as site specific factors such as condition, ease of access and costs associated with securing a safe working

environment. It is probable therefore that other than for the time taken to access remote sites, rurality per se is not a major cost driver.

Rurality does become a factor however when determining priority routes for gritting and snow clearance. It is a matter of fact that some roads (and communities) are further removed from the Highways Depot than others and that the optimum route - as defined by priority roads, effectiveness and efficiency - will not cover the entire highways network. As experience from the hard winters of 2009 and 2010 proves, it tends to the smaller and more remote routes which attract the least attention¹³.

Emerging Challenges to Rural Service Delivery

Pressure on Councils total budgets will create pressure on the Highway Maintenance Budget. The Northumberland County Highways Service was required to contribute savings of £1.075 million to meet the Council's overall funding gap. These savings were secured by a combination of staff reductions, "externalising" some costs (via a transfer of responsibility or new charging structure) and the withdrawal or reductions of some services. Reductions in service are directly linked to the asset hierarchy, leading the likelihood that work to routes which are lower in the hierarchy will be cut first. Services affected included precautionary salting of routes, subsidy to public transport and highway maintenance.

The much larger scale of reductions in spending from 2011- 2012 onwards may mean that service providers are no longer able to maintain services by making proportionate reductions, essentially by doing less of the same. Instead they may need to search for more radical and innovative approaches to enable services to be maintained to smaller and or dispersed populations.

¹³ Rural Penistone, Peaceful and Cut Off, The Reality of Living in the Countryside in the 21st Century; <http://www.rotherhamadvertiser.co.uk/news/88094/cut-off-villages-lash-rotherham-council-over-snow-clearing.aspx>;
http://news.bbc.co.uk/1/hi/programmes/politics_show/regions/south_west/8462657.stm

Collaborative Local Solutions

The previous section of the report has identified a clear series of cost pressures and emerging challenges around future rural service delivery. It seems clear that the ability of statutory service providers to maintain services to rural communities in their current form will be materially threatened as funding reduces. The loss and reconfiguration of services in rural areas is nothing new, however the analysis provided in the previous section raises the likelihood that some services are reaching a tipping point where it will no longer be possible to do less of the same.

Rather it seems likely that any reduction in funding for delivery will lead to an increased need for significant innovation if service delivery is not to be diminished or lost altogether. Where a service reaches a point at which it needs to be radically re-configured the case for innovative approaches to delivery become even more acute.

Innovation and collaboration in local service delivery is well established in rural areas. A review of existing practice carried out for this study shows that communities have already taken the lead in delivering local services. The range of public services delivered and managed by local communities is extensive and includes schools, libraries, transport and social housing.

This section of the report provides a more detailed analysis of collaborative local service delivery. It offers a series of examples of local solutions which have been developed to safeguard and enhance delivery in the rural areas across the three service areas analysed above - libraries, primary schools and bus services. It also considers the potential to enhance local service delivery offered by ICT.

Library Services

Fixed Libraries

Multi-functional use of library premises has emerged as an important way of maintaining library facilities and services in small settlements and more remote rural areas. Libraries have started to operate as multi-use venues often using volunteers to run services. Different service outlets have developed a library component to spread their fixed costs and to widen access to library services. Examples include:

Grassington (North Yorkshire) where a community run central library and information service now operates 6 days a week. This service replaced the mobile library which visited just two days a week. The library is hosted in the "Grassington Hub" which is run and partially funded by local residents. The Hub uses the IT resources required for the library to provide a telemedicine link with Airedale Hospital, saving local patients a round trip of almost 50 miles.

In Crowland (Lincolnshire) a voluntary sector organisation involved in the provision of services to vulnerable people has moved into the former library, adopting it as their main base, whilst continuing to offer library services to the community.

In Peterchurch (Herefordshire) a refurbished church operates as a community hub, incorporating a Sure Start facility for 21 hours per week and a Library for 10 hours per week. It also provides an ongoing place of worship and a community café for one day per week.

At Arlesey Community Resource Centre (Central Bedfordshire) a library point is run by volunteers, supported by library service staff. The library is co-located with the Town Council, Doctors Surgery and Village Hall.

Integration of libraries and arts and entertainment venues has also been tried as part of an improved overall local cultural offer - one such example is branded as “The Discovery Centre” in Winchester (Hampshire)¹⁴.

Mobile Libraries

In addition to fixed community facilities discussions are underway in a number of Library Services about creating flexible multi-use vehicle fleets which can increase the use of mobile library vehicles. For example in Lincolnshire there has been some significant discussion about the potential to adapt mobile library units for use as post offices or healthcare consulting rooms.

Technological Innovation

Digital technology provides the potential to reduce staffing costs and widen access to library services. Innovations include Radio Frequency Identification (RFID) systems which provide the potential for library users to access books independently and “Pick and Click” internet book ordering and delivery services. This technology is one example of the scope for innovation in service delivery outside of traditional modes of cost saving.

Supporting Local Response

The new Future Libraries Programme has provided a focus for the development of further innovation in the delivery of library services. The programme was launched in July 2010 with 10 pilots “to help the library service during the current challenging financial situation, with an ambition to ensure libraries play a central role for communities in the Big Society.”⁵

¹⁴ This approach has been taken a step further in Cardiff with the development of a new library, as part of a joint venture with the private sector, providing retail and leisure facilities on an associated commercial basis.

Herefordshire and Shropshire Library Services are taking part in the pilot and have also developed specific proposals to address the key challenges facing library services in a rural setting by developing new models of service delivery building working with communities to deliver and improve services. Ideas include the use of charitable trust status and neighbourhood run libraries. Service transfer through the establishment of new “third party” vehicles in rural locations is a powerful means of establishing a step change in role that local communities play in supporting and safeguarding the services they value.

Primary Schools

The governance structure of many state Primary schools means that they are often run by and for their communities. Each school is managed by its head teacher and board of governors. They have operational and, save the fact that they are not able to set a deficit budget, financial autonomy. Their future is therefore very much in their own hands.

Where financial circumstances mean it is no longer possible for Local Education Authorities to justify the cost per pupil associated with rural schools the challenge for those that wish to see them retained - usually the schools themselves, their pupils, teachers, governors and community - is to find a way to reduce the premium associated with operating them.

This means attracting more pupils or spreading some of the fixed costs by sharing leadership, teaching staff and facilities with other schools. One approach is to compete with other schools to attract a higher % of local pupils. This may focus the minds of school leaders and their governors and lead to improved educational outcomes. There is an argument that this approach will lead to poor outcomes in broader public policy terms however. It may simply mean that one school thrives at the expense of others, simply displacing the loss of a local school to another community.

Those communities keen to retain a local school should be able to work alongside its governing body to explore a range of tried and tested options including collaboration, federation or ultimately taking over the running of the school from the local education authority under the Coalition Government’s new “Free Schools” policies.

The concept of collaboration and federation is now well established across the primary school sector. There are a range of models and exemplars for communities and local education authorities to consider. Those parties which address threats pro-actively are most likely to be successful. In Devon for example the Devon Education Forum is working closely with the LEA and local communities to review all possible options to retain local schools. This might well mean that they no longer operate as autonomous schools, but will ensure that rural communities retain their schools where-ever possible.

“Less does not have to mean worse and as the Devon Learning Community, we must decide on how best to change to meet this future. In our opinion, to do nothing is not an option. Rather than wait for a government ... to impose strategies on Devon we believe our children will be better served if our community develops its own solutions. “

Ivan Godfrey, Chairman, Devon Education Forum

Several rural Local Education Authorities have successfully kept small schools open and maintained the standard of educational outcomes achieved through collaboration. Models include informal arrangements - often called “clusters” where schools work together to share good practice, collaborate to reduce administrative burdens or even to share the cost of a specialist staff member like a Head of Subject. More formal collaboration is enabled through Federation. This can enable two or more schools to reduce unit costs and improve educational outcomes through sharing staff, equipment, aggregating year groups across sites, appointing a single “executive head” and merging boards of Governors.

This level of expertise “sharing” is potentially transferable to other service areas. It is also interesting to contemplate how the sharing of knowledge and “know how” might be facilitated between communities which have successfully taken on aspects of rural service delivery and those which aspire to follow a similar path.

Collaboration and Federation of schools is also well advanced in many rural areas of the Country, such as Shropshire, Devon and Somerset, and there is extensive literature, examples and guidance available setting out the options for Governors and Headteachers.

Any successful collaboration relies upon the support of the school community to retain its faith and trust in the school and help the reduced local staff to keep the individual identity of the school alive. Communities that have already “travelled this path” have a great deal to offer to those preparing for the journey.

In Devon the Council has set up Local Learning Communities which bring together all schools within an area based geography. Originally these were developed to bring service providers together to support the Every Child Matters agenda and to ensure the best possible educational outcomes for every child within the Learning Community. They are now also being used to achieve optimum organisational effectiveness and financial efficiency across the Learning Community Area. Working within the Learning Communities schools are able to share intelligence, learn from each other and increasingly explore options for collaboration and federation.

Collaboration in Local Schools Devon

One example of the potential offered by local collaboration is West Exmoor Federation¹⁵. This a formal federation of three primary schools created to ensure the educational viability of small rural schools. The West Exmoor Federation has a distributive model of leadership. There is an Executive Headteacher, who is supported by three Heads of Teaching and Learning (one of whom is also the Deputy Headteacher of the Federation).

The Heads of Teaching and Learning take full responsibility for the day-to-day running of their base schools, with the Executive Headteacher focusing upon the strategic leadership of the federation.

The impact of the federation has been acknowledged by Ofsted inspections at Lynton and Parracombe and an HMI Survey Visit. The inspection to evaluate the impact of new models of leadership on school improvement in January 2009 said that "The impact of the model of leadership on achievement and standards, on the quality of teaching and learning, on the quality of the curriculum, on the quality of leadership and management throughout the school and on inclusion is good." They also said that "The federation has the potential to be outstanding. It has saved two schools and provided them with a sustainable future."

Further examples are provided in research such as the paper produced in 2009 by the then Department for Children Schools and Families "Better Together - Exploratory Case Studies of Formal Collaborations between Small Rural Primary Schools"¹⁶ which looked at four examples in Norfolk, Cornwall and Northumberland.

Rural Bus Services

Over the past decade, partnership working between local authorities, PTE's, transport operators, voluntary organisations and local communities has enabled innovative and responsive transport services to be developed. Many which started as fully funded pilots have matured and become embedded within mainstream services¹⁷.

Several failing and marginal rural bus networks have been remodelled and replaced by more flexible and better-targeted Community Transport solutions. Some of these services are operated by locally responsive voluntary organisations, running public transport services as a social enterprise. Others have been managed by development officers in local transport authorities and some Town and Parish Councils have also become involved.

¹⁵ www.westexmoorfederation.org.uk

¹⁶ Reference DCSF-RR162/DCSF-RB162; September 2009

¹⁷ Many of the rural routes that are currently subsidised by Passenger Transport Authorities were established using Rural Bus Challenge and Rural Bus Subsidy Grant over the last several years.

Community Transport solutions include demand responsive (DRT/ring and ride) services, registered Community Bus routes, and minibus hire for community groups. Examples include:

MiBUS (Driffield, Beverley, Goole and Hornsea areas) - demand responsive services developed in 2005 by the East Riding of Yorkshire Rural Transport Partnership which continue to run successfully and now form an integral part of the County's rural bus network, operating at full capacity. The services, run by four local Community Transport Operators, deliver over 80,000 passenger journeys each year at an average subsidy of £3.06 per passenger journey, only slightly more expensive than the average cost of standard subsidised rural services¹⁸.

Connect2Wiltshire services - an example of a well used demand responsive service (DRT) (formerly known as Wigglybus) where subsidy costs had been driven down to an average of £3.26 per passenger trip. This mainstreamed service has one of the lowest subsidies for DRT due to it carrying some school children and subsequent receipt of contributions from school transport services.

Holme Valley Minibus Service - the Holme Valley Parish Council and West Yorkshire PTE (Metro) have worked together since 1980 to provide a local minibus service linking rural communities in the Holme Valley with Holmfirth. The Parish and Metro jointly fund and annually review the service, which now carries in the region 150,000 passenger journeys in each year. The Parish Council's contribution to the service has exceeded £30,000 in each of the last two years, equating to a subsidy of just £0.20 per passenger journey, money which is raised by the local council precept and from reserves¹⁹.

Hallen Community Bus in South Gloucestershire is a new service launched in February 2011 which links residents in a small village just outside Bristol with local shops and health services²⁰. Hallen has a particularly high proportion of older residents, and relatively low car ownership. Transport links were poor and local services virtually non-existent, but a determined local community group has taken the initiative in fund-raising and marketing the service, which will be operated on a contract basis by a neighbouring urban-based Community Transport Social Enterprise.

Transport Authorities will need to review their ability to publicly fund transport services in rural areas following the outcome of the spending review. Those spoken to during the course of research undertaken as part of this study have made it clear that their ability to subsidise rural services is based mainly on funding provided via the Local Government Finance Settlement and specific grants from

¹⁸ The average passenger subsidy for rural services across Yorkshire and Humber was found to be in the region of £2-£3 per passenger journey in the JMP Strategic Rural Transport Framework Study, 2005. This compares to an average figure for all subsidised journeys of £0.95 in West Yorkshire over the same period.

¹⁹ http://www.holmevalleyparishcouncil.gov.uk/budget/SummaryBudget_2010_11.pdf

²⁰ http://www.gazetteseries.co.uk/news/8876399.Hallen_bus_service_officially_launched/

the Department for Transport. They expect funding from both these sources to reduce significantly.

In response Heads of Service hope to work closely with communities and community groups to develop local solutions. For example Lincolnshire County Council explained how it hoped to be able to help address some of the regulatory barriers to local involvement and to encourage parish and town councils to consider raising money through their precept for community transport solutions.

Lincolnshire County Council is ready to consider sharing the cost of local services with communities - using available funding to match money raised locally rather than maintain much reduced centralised services. They are also ready to review how their substantial annual expenditure of £28 million in the provision of transport to school might be leveraged to support local transport initiatives.

Using ICT to Support Local Solutions

The section of this report on libraries has already referenced a number of ICT innovations which provide the potential to reduce the costs of service delivery and increase customer access. A core opportunity exists more broadly around the development of “thin client” approaches²¹ to providing access for staff engaged in local service delivery to remote facilities accessed through dedicated web devices.

Enabling field staff to access retrieve and update key records and data remotely allows them to work in multiple locations, including the homes of clients. It avoids security risks around documents stored on portable hard drives and can operate from cost efficient hand held devices.

Innovation in relation to stretching the range and reach of engagement in council services through ICT provision for communities is well established in England. Examples include:

Joint Access Centres, North Yorkshire County Council

Joint Access Centres enable citizens to get help to access information and services from Councils and other ‘connect partnership’ organisations such as the Police, Citizens Advice Bureau and two National Park Authorities). The centres are based in static libraries, in District Council’s one stop shops and community offices. Fast and stable broadband is provided by NYnet, a North Yorkshire based company that the County Council helped to establish.

Shropshire Broadplace, Shropshire Council

Broadplaces are community based internet access points. Each Broadplace is unique, reflecting the community it serves, but offers common facilities such as wireless broadband connection, laptops, printers/scanners, webcams, and a range

²¹ A thin client (sometimes also called a lean or slim client) is a computer or a computer program which depends heavily on some other computer (its *server*) to fulfill its traditional computational roles.

of software, the cost of any additional software, and technical support and training.

Broadplaces not only enhance public internet access but also provide Council staff with access to 40 WiFi hotspots around the County. For the last eighteen months, Shropshire Council has been using 'Telly Talk', a webcam facility that takes photographs, electronic signatures and scans ID, to offer access to services provided by the Council, Age Concern, A4U (advice for people with disabilities), CAB, Severnside Housing and South Shropshire Housing. The facility is popular with people of all ages.

DigiTV, Looking Local, Kirklees Council

For the past 6 years Kirklees Council has been providing equal and fair access to e-Government services via their local 'INtouch Kirklees' service. The Council now owns and operates DigiTV, providing local authorities and public sector bodies with access to the expertise, technology, and ability to design and manage digital interactive TV services for their citizens. DigiTV comprises 3 channels: digital television, mobile phones, and kiosks. DigiTV enables citizens to communicate with their local authority 24 hours a day.

These examples show that ICT can be used to bring services closer to people in rural areas. Continued investment in "virtual" service delivery by public sector organisations will be important, not only to maintain the reach of traditional services into rural areas, but also to produce savings which can be used to offset the rural premium associated with service delivery where some form of physical interaction remains necessary.

Progress in the adoption of ICT enabled solutions is of course constrained by the lack of consistently available mobile internet and high speed broadband connectivity across rural England. The government is committed to addressing this gap and has recently committed £530 million to the agency Broadband Delivery UK. It is to be hoped that the potential to leverage ICT to extend the reach of public services into rural areas is at the forefront of people's minds when designing and developing countywide connectivity solutions with this money.

Enabling the Transition

Enabling Local Solutions

Evidence cited within this report, supported by practice and wider experience, shows that many rural communities are capable of working collaboratively with statutory organisations to maintain and support local services.

The Rural Coalition is among many rural stakeholders and commentators to recognise this point. In its 2010 publication *The Rural Challenge* the Coalition states that:

“Delivering great local services has always been a challenge for rural areas and will be even more so in an age of public funding austerity. We believe that the way forward is to adopt new ‘smarter’ approaches which are specifically tailored to rural circumstances and needs, rather than continuing with traditional (urban-based) models; and, crucially, to adopt approaches which tap local community energies and knowledge both to shape and deliver those services, in line with the Government’s emphasis on the ‘Big Society’.”

Research for this study has identified a series of examples where communities have already taken the lead in delivering local services. The range of public services delivered and managed by local communities is extensive and includes schools, libraries, transport and social housing. Wider research - carried out by, amongst others, RELU²² and ACRE, shows how communities involvement in local action (such as service delivery) has wider long term benefits because communities begin to “own” the challenges that they face rather than expecting others to solve them for them. RELU concluded that this ownership can change perceptions, values and behaviours for the better, resulting in effective self-regulation and positive voluntary action.

Whilst it is possible to demonstrate that collaborative local solutions offer a viable means of safeguarding and maintaining services in rural areas it is not yet possible to point to evidence as to how such solutions should be designed and implemented. The examples offered in this report fail to provide an evidenced standard for achieving this outcome, and it is in this area that efforts might now be focused. It is beyond the scope of this report to set out the elements required to create successful local collaboration - although it is the view of the authors that such work would be useful.

The following sections of the report do however offer some initial thinking from the authors on the steps which each party - community, statutory service provide and government - might take to enable successful collaborative solutions.

²² The Big Society: helping communities take action. RELU Policy and Practice Note 24

Supporting Community

Currently there is an ad hoc picture of community involvement in service planning and delivery, this in spite of the significant infrastructure which exists legally and financially to support it.

Communities and community organisations need to be fit for purpose if they are to develop the capacity to engage in the process of service development and / or delivery. A wide range of organisational vehicles and funding streams now exist to support the development of community service provision. These have evolved through the social enterprise agenda. They include Community Land Trusts, Asset Transfer Partnerships, Development Trusts and a wide range of Community Interest Companies. In terms of funding opportunities equity and broader investment opportunities now exist for social enterprises and community organisations.

Whilst these structures have all been used to support individual projects there is a fairly limited awareness of them across much of the "grass roots" of community based activity. Parish and Town Councils, Village Hall and Playing Fields Committees, local sporting and events based groups have traditionally received support from the network of Rural Community Councils and similar VCS organisations to raise funds and create effective governance structures and processes.

The capacity of many of these support organisations is now severely threatened and communities interested in developing collaborative local solutions will need to consider how they go about acquiring the necessary skills, processes and structures to enable them to provide a credible offer to the statutory service provider.

Government also may need to consider how communities can be helped to access this "know how" and where / how support might be provided to enable them to participate effectively in the planning and delivery of rural services.

Actions which may help communities and community groups safeguard and maintain services through collaborative local service delivery include:

- the need for organisation in order to respond to offers of engagement from statutory service providers
- work to build awareness of the potential (and imperative) to "treat" with statutory service providers amongst community leaders and representatives
- thinking to determine which services are a priority and where community groups will be best able to develop a viable and sustainable local solution - the nature and scale of "local solutions" will differ from service to service - for example a number of small communities will have a common agenda around a small school whilst the provision of local retail may rely on only one or two communities to succeed

- work to secure resources in addition to seeking public sector contracts (e.g. in terms of Parish Councils -the precept) and to assess risks and responsibilities
- a review of examples of successful models and to network and share good practice in this context
- research into what help may be available locally (e.g. from business and from the civic sector)

This challenge is all the more important as the disparate and varied nature of the current involvement of communities in service provision to date has sometimes translated into poor practice in the management of relationships around delivery and governance between the statutory and community and voluntary sectors.

There has been an ongoing process of seeking to address these issues in the context of capacity building within the community and voluntary sector. This has been done through the establishment of protocols setting out rules of engagement at the local level between the voluntary and statutory sector, in the context of key documents such as local compacts.

This process of engagement and mutual obligations could be built on and strengthened as a means of encouraging and supporting communities in the process of service planning and delivery. It would need to be undertaken in a way which recognised the importance of a significant culture change within statutory organisations in the way in which they procure service delivery. A new approach should seek to reinforce the potential for positive outcomes (from collaborative local service delivery) through the creation of a more thorough and embedded process of service provision within communities. This involves thinking through the potential not only to support communities via national or local government interventions but how communities might be encouraged to work together to support each other in terms of rural service delivery “know how”.

Key elements of the Localism Bill and the development of the recently announced Community Organisers scheme provide the opportunity to develop a new dialogue between communities and statutory bodies around local service planning and delivery, which recognises the need for enhanced practical and cultural approaches to community engagement and capacity building.

It may also be necessary for communities to help statutory organisations to re-define “value for money” tests by identifying wider benefits offered by collaborative local delivery which they not be able to “see”, such as enhanced social capacity in local communities, improved local access to services for “hidden” vulnerable people and a contribution to the future viability of other local service facilities or community assets.

Enabling Statutory Service Providers

Statutory service providers at the local level have the opportunity to enhance their engagement with the voluntary and community sector as a means of addressing the service delivery challenges they face. This could involve a process of reappraising

their community development activities to identify communities and services which might be brought together to change the current service delivery agenda.

Based on the interviews with stakeholders and delivery organisations undertaken as part of this research there is limited evidence that services within local government are currently considered and planned for at the level of a community. Rather they are planned on a service by service basis with often limited consideration of the economic and social geography which underpins the territory across which they are delivered.

This narrow approach, which arises as a consequence of its simplicity and cost efficiency from a public service planning perspective, leaves individual communities with an ad hoc cocktail of services. It also leaves local people frequently feeling significantly isolated from the complex and often silo based (within public service organisation departments) processes through which their services are planned and delivered.

This issue is currently being addressed by a drive towards locality planning and “place” based budgeting, however this approach is still largely focused internally amongst service providers and operates at a level of geography far higher than the village or neighbourhood unit.

Local authority community development has traditionally focused on difficult to measure and generalist notions of building community capacity. It has not generally included a component which considers how to enhance the dialogue between communities and the state in either its local or national forms around service delivery.

Insights emerging from this study suggests that there is a case to build on activities within the Big Society and Neighbourhood Planning vanguard and front runner programmes (and other relevant examples of good practice such as the North Dorset Council experience), to engage more actively with communities at the local level, utilising existing evidence such as community led plans, to identify opportunities for collaborative service delivery within and by communities.

It would also be possible to use outcomes from this approach to support communities to think more actively about the key service challenges they wish to address at the local level and the best means of tackling them.

Statutory organisations should consider developing an approach to local service planning (at the level of the village or clusters of interdependent villages) which will consider how collaborative local delivery can best be achieved on a practical basis. Essentially “turning the telescope round” and focusing on communities first and service configuration second.

They might also review existing community engagement and capacity building activity and consider how this investment could contribute to the development of strategies to address particular service needs -building on national good practice, to support the engagement of local communities in the process.

In order to make this happen local public service providers may need to:

- accept that it will be necessary to take some risks in sharing service delivery with communities
- fully understand local conditions, how communities work and the logistics and cost drivers of service delivery in different locations in order to design and implement appropriate community contracting solutions
- identify and remove procedural and cultural barriers to collaborative service delivery around procurement approaches and the encouragement, in terms of service delivery, of subsidiarity
- embed capacity building into the transition of responsibility for service delivery
- factor additional criteria beyond “value for money” into procurement decisions and performance appraisal

They should also be encouraged to provide potential community based service delivery partners help with:

- Procurement; where it is currently difficult for small organisations without a track record in service provision to win contracts,
- Legal support; where it is difficult for small organisations to achieve the necessary legal cover to fulfil public service contracts
- Provision of technical expertise where it is often hard for small organisations to source the technical guidance underpinning the delivery of some aspects of public sector contracts
- Financial support; where it is difficult for small organisations to have sufficient initial cash flow to take on public service contracts

All these issues will need to be addressed in the consideration of the implementation of the “Right to Run” provisions of the Localism Bill. There is scope to ensure that the learning and systems developed in this regard are more widely transferable in the context of community engagement in local service provision.

Finally it should be noted that the granting to local authorities of a general power of competence to supplement their discretionary powers under the 2000 Well Being Act will also equip local authorities to lead in a number of areas in this regard. It will ultimately enable them to respond to local circumstances and take informed and focused risks to deliver a change agenda.

Leadership from Central Government

The findings set out in this report suggest that the process of developing service innovation to address the challenges imposed on local service delivery through

public sector restraint requires a tripartite alliance between national Government, local public service bodies and communities.

The Localism Bill makes the commitment of Government to this agenda of local delivery very clear. It identifies a number of challenges which need to be addressed to deliver effective change. It recognises the importance of creating a positive and supportive environment for local authorities to take informed risks through the new general power of competence. It recognises, in terms of new rights to build, buy and run; the scope for local communities to take greater ownership of their service provision agenda. It seeks to engage communities actively in local planning through the Neighbourhood Planning process.

The key challenges for central Government going forward will be around embedding a culture of collaborative delegation in local public service providers in their dealings with communities around the delivery of important local services.

There are a number of examples of good practice to build on. Government's challenge is to help these to gain wider traction and uptake, and to do this as effectively as possible. This can be achieved through the promotion and dissemination of good practice. In addition to dissemination there is scope to build a model for future viability into the collaborative local delivery of public services by establishing networks which provide know how and mutual support for communities and public service.

There may also be real benefit in establishing a new dialogue between local public service providers and national Government around the challenges linked to the vesting of facilities and responsibility for service provision in local communities.

Notwithstanding the new powers proposed in the Localism Bill, significant cultural change will be required within the leadership and senior management of local authorities to enable the active contracting out of services to communities and local organisations. It will be tempting for Town Halls to retain responsibility for, and so control of, a much reduced service rather than to share that control with local communities.

The need for culture shift will be particularly acute in relation to the management of financial and legislative risks associated with the devolution of service responsibilities from public bodies to communities.

It would therefore be very beneficial for Government to consider how it might build a specific rural dimension into discussions with local public sector infrastructure bodies such as the Local Government Association around the decentralisation agenda. This could ensure that this issue is adequately addressed and that public service providers that choose to go down this road are supported.

The actions that central government might take to improve participation in collaborative local service delivery include:

- encouragement to statutory service providers to make working with communities to develop collaborative local solutions the "default" position when re-configuring service delivery should be to work
- encouraging and enabling statutory service providers to change their attitude to risk (especially around procurement and performance management) to facilitate the effective decentralisation of service delivery to communities.
- understanding the potential impact on unit cost of delivery from the development and implementation of collaborative local solutions for service delivery and enabling these issues to be taken into account in procurement
- identifying and promoting good practice and sharing learning
- encouraging statutory service providers to invest in capacity building (as part of the cost of transition to collaborative local delivery) and to develop a "portfolio" of specific and diverse solutions best suited to local circumstances rather than a single "one size fits all" approach

Closing Remarks

This report has identified a clear series of cost pressures and challenges around rural service delivery. It confirms that rurality affects the unit costs of service delivery across many services and clearly identifies the challenges faced by many statutory organisations seeking to maintain services to rural communities.

The report shows that in many areas services with high "fixed costs" relating to staffing and premises and those which rely on a minimum scale of activity to retain critical mass will become increasingly vulnerable to further reductions in funding. It shows how the pressure facing some areas of service provision (for example rural primary schools, libraries and buses) is already reaching a "tipping point" where real innovation and fundamental change in the way services are delivered will be necessary to maintain access to services for some parts of England's rural population.

The report goes on to identify joint working with communities and community groups as a viable way to maintain services whilst reducing direct expenditure. It offers a range of examples across three key services - libraries, schools, and buses to show what is possible. It also briefly considers the role that ICT might play in reducing the "transactional" cost to statutory organisations of rural service delivery.

Research with local authorities carried out to inform the report showed how they are planning to address these issues through a range of measures including; the introduction of new technology, the joining up of shared services across bigger and new geographies, locality planning putting place at the heart of service provision, and cutting back office functions to sustain front line services.

Against the background of these challenges local authorities are also preparing to consider how communities might take on more responsibility for the provision of local services - an idea which is being strongly trailed under the Government's Big Society agenda.

The report's findings suggest that a significant amount of work still needs to be undertaken to enable this process at the detailed local level. However the report identifies sufficient evidence to suggest that engaging communities in local service provision across the service areas examined in detail can provide solutions to the structural and financial challenges faced by public service providers in rural areas.

It is important to note that despite the many good examples which exist, the process of engaging the community in the planning and delivery of local services has yet to be developed formally or adopted within the culture and processes of the majority of statutory service delivery organisations.

This will not be easy to achieve. No two places are the same and it is therefore perfectly understandable that the development of community scale solutions

around service provision should be diverse and have different features depending on local conditions.

It is important however that the local diversity evident in collaborative local service delivery should not mask the universal benefit available to local authorities and other local service providers from engaging consistently with communities in the planning and delivery of services.

This work has identified two key elements which justify the case for enhanced dialogue and engagement with communities around service planning and delivery.

Firstly it demonstrates that those communities which participate actively in the running of local services, for example in the context of small schools or community transport schemes, make a major contribution in sustaining local demand (for the service) and so underpinning its future viability, regardless of the negative impacts of rurality, through a commitment to a service which they “own”.

Secondly, it is apparent that local engagement in the collaborative planning, development and delivery of local services, for example through volunteer participation in the delivery of library services or the provision of local solutions to poor broadband connectivity, leads to service level innovation and has the potential to help sustain services in the face of significantly reduced resources.

The ability of communities to sustain demand in sparse areas, to offer innovation and a capacity to deliver services should be adopted by statutory service providers as a central objective of a service planning process. Rather than seeing community involvement as ameliorative, or simply a way of saving money the opportunity available to service providers is to make collaborative service planning and delivery with local communities their “default” approach. This will ensure that services are tailored to local needs and are delivered as effectively as is possible.

The report makes it clear that in some rural areas there is no longer scope to continually pare down key public services (such as libraries, small primary schools and buses). Doing less may no longer be an option, therefore an approach which involves doing things radically differently, by thinking through the potential offered by the community to the delivery of rural services, represents a powerful way forward to statutory service delivery organisations.

Ultimately it seems clear that where communities are effectively engaged in the planning and delivery of their local services they can provide a viable and sustainable alternative to:

- a) direct service reductions leading to reduced choice and local disenchantment, and;
- b) contracting out to purely commercial third party organisations

Finally, it will be important for policy makers to take on board that whilst the theory of collaborative local delivery as a means of sustaining rural services appears sound, developing this approach as widespread standard practice will require investment in knowledge transfer, capacity building and facilitation.

Many communities and community groups will be willing, but will need a deal of support to enable them to put in place the skills, governance structures and operational processes necessary to act as credible service delivery partners to statutory organisations. This is something of an inconvenient truth at a time when many community and voluntary sector organisations well equipped to provide such support are struggling with their own funding, but it needs to be understood.

It seems probable that some form of intervention from central government will be necessary if collaborative local service delivery is to reach its full potential to sustain rural services and empower rural communities. This might follow the current round of "Vanguards" and "Front Runners" by enabling statutory organisations to work with local communities to develop a collaborative approach to service planning and delivery across a suite of services and geographical conditions.

Any such programme could be supported by an online Community of Practice and with a series of workshops and interactive webinars.

Many statutory organisations will also require support to achieve the type of cultural and attitudinal change that will be necessary to ensure they adopt a collaborative approach to service planning and delivery. Unless a better way is shown to them the "default" approach of most statutory service deliverers will be to continue assess value against the unit cost of delivery across an entire territory rather than to consider "place based outcomes". The findings of this report suggest that if they stick with this approach the reach of public services into many of England's more remote rural areas will be significantly reduced.

Rob Hindle and Ivan Annibal
September 2011

Additional Footnotes & References

1 Implementing the Big Society, ACRE Policy Position Statement; The Rural Challenge, Achieving Sustainable Rural Communities for the 21st Century, Rural Coalition; The Rural Big Society, CRC & Res Publica; The Big Society: helping communities take action. RELU Policy and Practice Note 24

2 Public Libraries and Museums Act 1964

3 Executive Summary - Fundamental Library Review: Lincolnshire County Council 2009/10

4 DCMS "Taking Part: The National Survey of Culture, Leisure and Sport Adult and Child Report 2009/10"

5 Museum, Libraries and Archives

http://www.mla.gov.uk/news_and_views/press_releases/2010/future_libraries_programme

6 Transport Act 2000

7 DfT, Local Bus Service Support - Options for Reform: Consultation paper, March 2008, p6

8 Bradford MBC contributed £20.6 million

9 Strategic Rural Transport Framework, Yorkshire and Humber Regional Assembly, JMP, 2005

10 Strategic Rural Transport Framework, Yorkshire and Humber Regional Assembly, JMP, 2005

11 Lincolnshire County Council Policy & Scrutiny Committee Report, Capital Policy Development Group, Strategic Infrastructure Development Programme 2005

12 Harnessing Technology Grant: Guidance to schools and local authorities, BECTA 2008

13 Digital Britain Department for Business Innovation and Skills July 2009

14 Culture Secretary launches rural broadband projects to kick start revolution in digital economy http://www.culture.gov.uk/news/media_releases/7137.aspx