



2 September 2009

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Tipping the balance: Providing councils with greater influence in national politics

INTRODUCTION

Tom Shakespeare, Research and Policy, Localis



In this edition of Policy Platform we have articles from: Cllr Paul Bettison from Bracknell Forest Borough Council, Cllr Margaret Eaton from the Local Government Association and Neil McInroy from the Centre for Local Economic Strategies.

In answer to the question of "How can councils be provided with greater influence in national politics?", all contributors seem to agree that a stronger local voice in national decision making through a constitutional settlement would be beneficial for local government and the national economy.

However, they all also agree that at the heart of the solution is the need for enhanced local powers and responsibilities, first and foremost. In Paul Bettison's article, he argues that local government has become the 'executors of central government policy', and that it is 'Whitehall which wins local elections'. This is clearly a significant problem, and while it is clearly beneficial that local government should have more powers in central policy, it clearly needs to go much further. Furthermore, as Neil McInroy argues, there is a direct relationship between devolved powers and the strength of the national economy. In the current climate, this fact alone seems highly significant.

The current political and economic climate offers a new opportunity to begin thinking about governance in new ways. As Margaret Eaton points out, 'It's not that people don't care. They do and they're after a new and different type of politics'. All contributors seem to agree that this is the case, and it is clear that central government needs to take radical and urgent action to redistribute the balance of power. This should begin with an ability for local government to fundamentally 'shape their own destiny' starting with enhanced local revenue raising powers and devolved responsibility.

Bettison raises the point that we need to have a serious debate about how best to achieve collaboration on shared priorities. The importance of quangos in distorting the relationship between central

and local government is noted, and it is suggested by Margaret Eaton that 'the power of unelected quangos needs to be checked'. This is true, but as she points out, this also needs to go hand-in-hand with a 'duty to devolve'.

Cllr PAUL BETTISON

Leader, Bracknell Forest Council



I remember a resident on the doorstep one election year complaining to me that, 'It doesn't matter which way I vote – the Council always wins!' My reaction at the time was naturally to point out that voting for a different candidate might result in a different council, but to what extent was this really true? Of course it is local voters who determine the personal and political make-up of a council, but how much influence can this really have on that council's strategic direction?

In recent years, local authorities have increasingly taken on the role of mere executors of central government policy, so that differences between the nature, level and cost of services offered by different authorities have decreased. It is of course inevitable that a series of similarly-structured organisations all charged with providing a comparable set of services to their customers will identify a broadly similar set of strategic priorities, but it is also to be expected that a thorough knowledge of those customers will result in major differences in priorities between areas with different customer bases.

"In recent times, local authorities have increasingly taken the role of mere executors of central government policy"

A brief look at the sustainable community strategies developed by three local authorities with widely disparate customer bases (Dorset, Liverpool and Watford) reveals a remarkable correspondence between the priorities these councils have identified



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for their areas: all three include workforce skills, community cohesion, green issues and a high number of other common themes among their priorities. I am not suggesting that these priorities are not appropriate for these areas, or that they are not robustly evidenced, but I think the hand of central government is plain to see in them, and the more or less obligatory inclusion of all these Whitehall priorities in local community plans, at a time of severe budget constraints, is bound to leave little room for the inclusion of more than a token selection of local priorities which might well be of greater interest to residents.

“It is not “the Council” but Whitehall which wins local elections”

Given this, it is hardly surprising that local people will think that local elections are always “won by the Council”, because no matter what the personal and political characteristics of those sitting in the chamber, no local authority really has the freedom to be different to its peers – that is, to tailor the nature and level of services, and the method and cost of delivering them, to local demand and preferences. Changes in personnel at the democratic level are therefore unlikely to have the visible impact on public services that they could and should have, and so the impression arises that “the Council” has been re-elected for yet another term. In fact, it is not “the Council” but Whitehall which wins local elections, and with political parties largely unable to offer residents a meaningful choice between alternative visions for an area, low voter turnout has become the expected norm and the democratic deficit has been widened as a result.

Although I believe that in recent years local authorities have become too exclusively involved in implementing central policy, I do not want to imply that this is a wholly illegitimate role for councils. Clearly, there is a large category of policy initiatives, originating with the democratically elected government in Westminster, which will not meet their objectives without the collaboration of local authorities, and it is reasonable that this collaboration – provided it is appropriately funded – should be forthcoming. The obverse of this, however, is that if national policies which are intended to be implemented primarily within localities are to be successful, then those localities need to be given a meaningful voice in their development.

Precisely how this might best be achieved is open to

debate, but what is required certainly goes beyond the current method of ad-hoc consultation on individual initiatives being conducted at lightning speed and with little store apparently being set by the results. Comparison of England's extraordinarily centralised political system with those of its major peers across Europe and the developed world is almost unavoidable here: while representatives of the American states and German *Länder* have dominated their countries' national second chambers for years, even so recent a convert to the merits of decentralisation as France possesses a senate made up largely of notables sent there by each *département* and *commune*. No matter what the mechanism, the point is that local authorities should only be vehicles for delivering national policy when they have had an input into the development of that policy – and, of course, that it will be better policy as a result of their involvement.

“Radical constitutional change may not be so remote a prospect as it once was ”

In view of the recent collapse of public confidence in the national political scene, the sort of radical constitutional change which would be required to give local authorities a stronger voice in Westminster may not be so remote a prospect as it once was. But even this, I think, is not the power shift which would benefit local authorities most. What they really need is the freedom from central government interference which would allow them once again to become the genuine democratic representatives of their local areas, both within the area itself – the “community leader” role of the jargon – but also within the national political arena.

Only by reducing central control over local authorities can local authorities become true democratic servants of local people, but once they have been allowed to regain this democratic legitimacy at the local level, they will possess a voice whose democratic authenticity will be irresistible at the national level. I believe it is this, rather than any new statutory power, which would best provide local authorities with greater influence within national politics.



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NEIL McINROY

Chief Executive, Centre for Local Economic Strategies (CLES)



Recently my organisation CLES (Centre for Local Economic Strategies), published research, calling for a new wave of local economic activism, a reduction in economic centralism and enhanced powers for local authorities and partners. In these economic times local government needs to reshape and reinvigorate the economic links between their work and the communities they serve and thus be capable of shaping their own economic destiny to a much greater extent.

The UK as an economic entity needs local government to reinvigorate its economic role. Each local economy, be it across a county, city or neighbourhood is a component part of the national economy. They are the foundation of a strong and enduring national economy. For CLES local economic strength is contingent upon that locality 'appealing' to the global economy. However while the global economy means it is easier to transcend the 'local' - an understanding of the differences between places becomes even more important. It is clear that the particular character of individual countries, regions and localities interacts with economic globalisation to produce quite specific economic outcomes. To effectively recognise the bespoke role of a local place in the global economy, the practice of local government arguably is more important than ever.

"The policies required for real economic resilience are bespoke and grounded in that locality"

Recent economic events have for us highlighted the problems of economic centralism, with a national orthodoxy in economic thinking which has focussed on a narrow band of sectoral growth, a dominant south east and a failure to connect economic success to place and with social and environmental concerns.

As a result many of our places, which were arguably only half way through post-industrial recovery from the economic changes of the 80's, lacked and continued to lack economic resilience and are now badly placed to recover.

Central government and regional government have set strategic contexts and in terms of some regional agencies such as RDAs, provide effective long term policy continuity beyond electoral cycles. However, in terms of local resilience they are remote and often lack local place subtlety. The policies required for real economic resilience are bespoke and grounded in that locality. For us at CLES, based on our international research, the most economically resilient places have the greatest levels of power and resources devolved to local authorities or groups of local authorities, who then act. We feel that a more bespoke, tailored and differentiated local economic activity offers a better chance for our local economies to recover, bounce back and cope with future challenges.

"A greater local connection between resources generated and spending priorities will enhance local democracy"

However, a re-energised local economic realm should not just be about powers and structures. For many people, the perception is that economics as well as public services and the democratic systems involved in steering them are remote and bureaucratic. In this there is a crisis in confidence. Many people see politics as self serving and blunt in the face of the many economic but also social and environmental challenges. Therefore, economic localism is also about practice and an ongoing and inclusive search for the best ways to shape local economic destinies and a new culture of how we do economics- placing power over our economic destiny in the hands of not just local government but local residents and the social sector. Part of the process of tackling this general power struggle, is to put in place specific new measures which make local authorities more able to shape their own local economic destiny. This particular relates to revenue and financing local government and local economic development. In this there are two key areas.

Firstly, power to generate more local income streams. Local Government in the UK generates very little of its own revenue directly, and is heavily reliant on central



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grants. This creates problems over democratic accountability and hampers efforts to energise local debates around financing and local government policy more generally. I believe that a greater local connection between resources generated and spending priorities, will enhance local democracy. Furthermore, I would question whether we can have bespoke differentiated local economic policy, if there is insufficient generation of local resources, to drive local collective coalitions which shape local economic destinies.

“It is also important to localise some elements of national policy and the public purse. This could involve significant powers and resources shift to local authorities of DWP and BIS funds”

In this area, generation of funds via local control over business rates - allowing local authorities to retain all or a proportion of business rates is an important potential power and is a key element of some of the Local Authority requests via the Sustainable Communities Legislation. In this, to date, the legislation allows the means, but we are yet to fully see the ends. However, in July, Royal Assent was given to the Business Rates Supplement Act, allowing Local authorities a discretionary power in raising a supplement on business rates, aimed at economic development projects.

Furthermore, the recent All Party Urban Development Group's recommendation that the government should pilot Tax Increment Financing – a policy which ensures the local retention of the uplift of newly generated economic activity is sound and should be adopted, as this is an important local economic power in ensuring economic success accrues a local return.

However, powers which go deeper need to be explored. In particular the LGA's combination option proposes reversing the current balance of funding to 75:25 (local:central). In this they suggest a combination of local income sources which includes a reformed property tax and possibly local income taxes.

Secondly, Local power over national public resource. Whilst there is a need for local government to generate its own income and finance it is also

important to localise some elements of national policy and the public purse. For example, control over local employment and business support resources. In local terms this could assist with matching welfare benefits and business support with specific local social and environmental need. This could involve significant powers and resources shift to local authorities of DWP and BIS funds.

An intrinsic part of both general power between the local and the central and specific measures to enhance local power, is the need to develop a new culture. In this, the relations between Local government and central government should not be based on the basis of local government requesting powers from Central government and then leaving it up to central government to decide. The dynamic of the Multi area agreement process, seems to be weighted in the Government's favour with each city region asked to argue its case and enter negotiations in relation to national objectives, rather than their own local priorities. To ensure the future is local and we have real devolution of powers a clear set of areas for devolution need to be agreed, which ensure goalposts for economic development are not shifted as regards investment rules or shifting national priorities.

Cllr MARGARET EATON
Chairman, LGA



The MPs' expenses scandal, Sir Fred Goodwin's pension package and the furore over Jonathan Ross and Russell Brand's "practical joke" on Andrew Sachs have a common theme – they demonstrate that the British public still retain a very strong sense of "fair play" and in particular what is a fair use of public money. In all three

cases taxpayer's money was being spent on things that people deemed either frivolous, unnecessary or an abuse of a position of power. At the Local Government Association, we believe that recent events, culminating in the European election results



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in June this year, demonstrate that people feel cut off, excluded and angry that they don't have a say, especially when it's their money being spent. People are equally fed up with confrontational politics in the House of Commons, endless point-scoring, endless initiatives from Whitehall mandarins who think they know how things work on the ground. It's not that people don't care. They do but they're after a new and different type of politics.

We need to move away from seeing the "central – local relationship" as a straight fight for powers between two parts of government. Not only is this not helpful - let's be honest it is of little everyday interest to anyone outside the Westminster bubble. It also fails to take in a wider view of reform across the whole of the public sector. The recent outcry over expenses coupled with the recession provides us with an opportunity to take stock and look at new ways of doing things.

"More local decision making gives people a greater say in those decisions"

There are three aspects of reform that the Local Government Association would like to see happen to rebalance our political system in favour of the people we serve. Firstly, decision making should be devolved from central to local government, not because councils need greater power but because voters do. More local decision making gives people a greater say in those decisions. Secondly, parliament needs to be reformed to work better with councils. Finally the unaccountable power of quangos should be checked.

The LGA has long been arguing for Parliament to introduce a statutory duty on central government to devolve power to local government – a Duty to Devolve. In the same way that councils have a Duty to Involve the public in decision making, government departments should be similarly asked to review what functions they are doing, that could instead be carried out at a local level by a democratically elected local authority. To complement that, we have also called for a general power of competence for councils, a call that has been endorsed by the Communities and Local Government Select Committee and the Leader of the Opposition.

The fall back line for government ministers is why do councils need this when they already have so many powers? They often cite the Wellbeing Power. In

theory this allows local authorities powers to do anything "they consider likely to promote the economic, social and environmental well-being of their area unless explicitly prohibited elsewhere in legislation." However, a recent court case which went against a group of London Borough Councils who attempted to set up mutual insurance firm was just one high profile illustration of the limitation of this power. Due to the huge amounts of guidance, regulations and centralised control issued by Whitehall, it is still very difficult for councils to take the decisions they want to help their residents, without the involvement of central government.

"A reformed House of Lords should allocate a proportion of seats from representatives from local government"

Our parliamentary system and our system of local government often seem to operate as two separate systems, which can often create conflict. There are a number of things that could be changed that would allow councillors, MPs and Peers to work together better. We suggest that parliamentary boundaries be revised so that they fit better with local authority boundaries, that a parliamentary committee be set up to scrutinise legislation that has implications for councils and that similarly to other second chambers in the democratic world, a reformed House of Lords should allocate a proportion of seats from representatives from local government.

"Quangos are rarely subject to any kind of performance appraisal or inspection"

We would also like to see radical reform to the quango state. The public want more involvement in decision-making and the quango state is the least accountable part of the public sector. Quangos should be spending taxpayers' money to carry out their functions as efficiently as possible, not wasting money on lavish head offices, big pay rises and doing work already undertaken by councils, central government or each other. Decisions about public services should be taken as close as possible to local people by locally elected representatives, not by unelected boards.



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LOCALIS policy platform

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services should be taken as close as possible to local people by locally elected representatives, not by unelected boards.

It should be easy to find out who runs public services and how people can have their say on how those services are run. Unlike councils, hospitals, and Whitehall departments, which all face regular inspections, quangos are rarely subject to any kind of performance appraisal or inspection. The LGA will try to make a start in holding quangos to account on behalf of their councils and voters and we will publishing new research in the autumn on what reforms we'd like to see affect quangos.

Public trust in our political system has been shaken. Expectations are also rightly high that we as their local representatives can do something about people's concerns. Yet in reality our powers are often piecemeal and insufficiently substantial to affect the things that matter to people where they live. Now is the time for local government, the most democratic and efficient part of the public sector to lead a debate on what reforms we can make to our system of government that will start to rebuild public trust and make sure that people have a greater say over the things that matter to them.

FOR MORE INFORMATION

Localis is an independent think-tank dedicated to issues related to local government and localism more generally. We carry out innovative research, hold a calendar of events and facilitate an ever growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK .

For more information, please visit www.localis.org.uk or call 0207 340 2660.

To find out more about Bracknell Forest, please visit www.bracknell-forest.gov.uk. To read more about CLES please visit www.cles.org.uk. To read more about LGA, please visit www.lga.gov.uk.