

Parliament and Local Government
Lecture by Nick Raynsford MP
Speaker's House
4.11.14



At the outset I would like to put on record my very real appreciation of the help I have received from a large number of people, some in this House and the other place, others from local government, academia and further afield, in preparing this lecture. In particular I would like to thank Tony Travers, from the LSE, Sir Bob Kerslake, from CLG, Barry Quirk, from Lewisham Council, David Blunkett, Margaret Hodge, and Clive Betts for sharing with me their wealth of experience and responding to the variety of questions I posed. I also owe a great debt of gratitude to Mark Sandford, local government specialist in the Library who has gone far beyond the call of duty in answering my requests for information, and my own staff for helping me pull all the disparate strands together. Finally I want to thank Mr Speaker for including this lecture in this year's Series and for his hospitality here in Speaker's House.

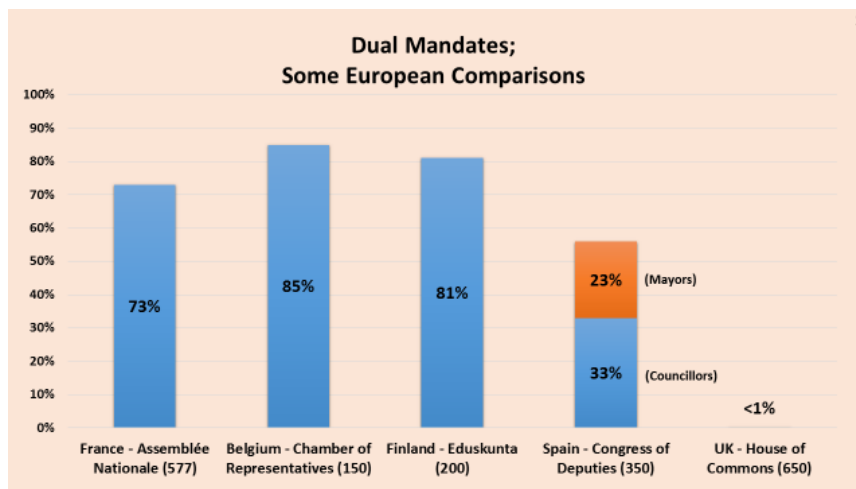
The theme of parliament and local government fascinates me because it is riddled with paradox and surprises. Superficially it would appear that there is a great deal which binds Parliament and local government together:

- 322 currently serving MPs, almost exactly half of our number, have previously served as councillors. Many Peers as well have distinguished local government backgrounds
- We both employ similar electoral arrangements; indeed we are almost unique in electing our members through *First past the post* contests
- We have similar arrangements for forming administrations from within our own number, either exclusively from the largest party or by coalition or less formal agreement when there is no outright majority
- Our respective procedures for handling debates, for asking and responding to questions and for scrutiny of the executive obviously come from the same stable, and

- A very significant amount of Parliament’s time is taken up with local government related activity whether this involves primary or secondary legislation, debates on issues and services which form the core of local authority responsibilities, debates on the financing of local government including the annual settlement or legislation specifically promoted by one or more local authorities.

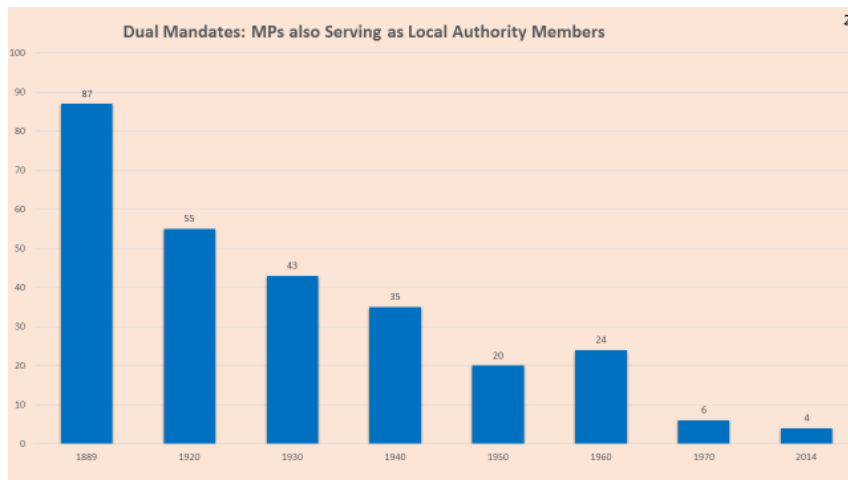
There are then very strong similarities and very substantial overlaps in our respective work. Yet, scratch the surface and the elements that bind us together appear less substantial and the divisions greater. Indeed the picture becomes more complex and the tension and differences become more evident.

Yes, almost half the total number of serving MPs have at some time in their career also served on a local authority, but very few continue their local connection once elected to Westminster. Currently just 4 MPs are also serving members of a local authority. Not only is this very much at odds with practice over much of Europe



where in many countries, some of which are illustrated in this slide, it is the accepted practice for elected representatives in the national assembly to hold office simultaneously in local government. But perhaps more interestingly, it also emerges that today’s UK pattern has not always been the same.

The striking evidence on this second slide



is that in the past it was much more common in the UK for MPs also to serve as members of a local authority. Why has this changed? I think there are two principal reasons, which are in part connected. In the more leisurely environment of the late 19th century when Parliament was in recess for several months of the year and daily attendance both at Westminster and at the local Borough or County Hall was not expected, it was almost certainly easier for individuals to hold a dual mandate at both local and national level and do justice to both. Nowadays the time demands of both local and national bodies are such that it requires either exceptional organisation or travelling skills or a very understanding and generous party Whip to enable a member to fulfil his or her obligations at both Westminster and the local authority. The clear evidence that the decline in dual mandates was happening from the start of the 20th century and has been a consistent trend reinforces this interpretation.

However I believe there is another factor at work, which helps to explain why the UK pattern is so very different to that in much of Europe. Whereas the French or Spanish experience, to take just two examples, suggests that elected representatives with a dual mandate are seen to be well placed to serve their local community as well as the national interest, we in the UK are inclined to the view that it is not appropriate for MPs to hold down another elected position at the same time. It may be acceptable for a short period of transition, as we have seen with both Mayors of London who were serving MPs when elected to the mayoralty, but there has been an expectation that they would relinquish their Parliamentary seat at an early opportunity. And as we have seen recently Boris Johnson's selection as a parliamentary candidate while still Mayor of London has not been free from criticism.

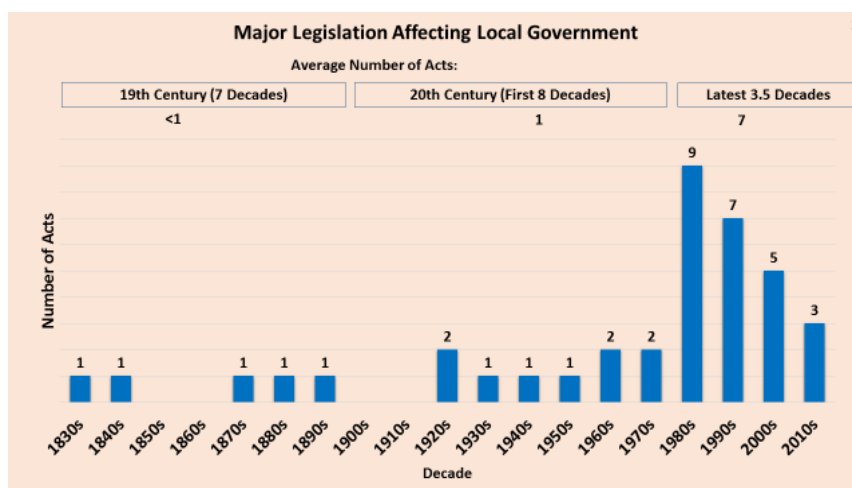
I emphasise this disapproval of the dual mandate because it is not the case that the electorate does not want to see MPs active in their constituency as well as at Westminster. On the

contrary most MPs will testify to the huge pressures they face to be in and around their constituency as frequently as possible, even when that constituency is several hundred miles and many hours travelling time from Westminster. We have moved a long way from the era when Lord Palmerston, when selected for the Parliamentary constituency of Newport on the Isle of Wight, was told by the local landowner who controlled the seat (this was the era of rotten boroughs!) that it was on condition he never, not even for the election, set foot in the place! This probably helps to explain how Palmerston had difficulty in remembering even the name of his first constituency which he referred to later in his life as “Newtown”.

Unlike Palmerston, who was expected to act as his Patron’s agent at Westminster but not to interfere in local affairs, today’s MPs are expected to be active and visible in their locality, but not to hold local office. Indeed it is striking how, despite continuing to have a very high profile in their area, MPs including those who previously served on their local council, tend to see the process of becoming an MP as ‘moving on’.

However ‘moving on’ does not involve ceasing to take a close interest in local affairs and indeed the working of local government as a whole. I have already flagged up the extent to which Parliament is engaged in primary and secondary legislation affecting local government and in detailed oversight over a host of local authority financial and service delivery issues.

It was not always thus. The next slide tells a very interesting story.



From the 1830s until the 1970s local government merited no more than 1 or 2 significant pieces of parliamentary legislation in any single decade. Indeed the average number of Acts impacting significantly on local government was less than 1 per decade in the 19th century,

and only just over 1 per decade in the first 8 decades of the 20th century. Then everything changed. In the 1980s there were no less than 9 Acts of Parliament focused on local government, as many in that one decade alone as in the previous eight decades put together. While the trend as you can see has subsequently been downwards, it remains the case that in the past three and a half decades we have on average legislated seven times per decade on local government compared to an average of 1 per decade over the previous 15 decades.

Nor were the Acts insignificant.

1980s Legislation 4		
1980	Local Government, Planning and Land act	Control over rates, rate support grant, and creation of UDCs
1982	Local Government Finance Act	Establishment of Audit Commission
1984	Rates Act	Rate capping
1985	Local Government (Access to Information) Act	Public access to meetings
1985	Local Government Act	Abolition of GLC and Metropolitan Counties
1986	Local Government Act	Controls on publicity
1988	Local Government Act	Compulsory Competitive Tendering, Section 28
1988	Local Government (Finance) Act	Poll tax. National Non-Domestic Rate
1989	Local Government and Housing Act	Appointment of Staff, political balance on Committees, capital finance and housing finance

As you can see from this list, the 9 Acts passed in the 1980s had a massive impact. We all know the background. This was an era of conflict between local and central government in which the Thatcher government sought to restrict the powers of local authorities in a whole range of ways as well as abolishing those authorities it found most irksome. I do not intend tonight to rerun those battles, but merely to comment that this marked a watershed in central/local relations, since when we have been living to a very large degree with the legacy. The high water mark of centralism may have passed and the tide may have receded a little as the declining trend on the previous slide suggests, but it remains the case that local government is still subject to central controls and restrictions on a scale which is totally out of line with local government elsewhere in Europe and indeed almost anywhere else in the developed world.

Nor is it just a question of powers and finances. We also appear to have a well-developed tendency at Westminster to tinker with local authority structures.

Reorganisation of Local Government	
Chronology of changes in past 50 years	
1960s	Creation of Greater London Council and London Boroughs Redcliffe Maud Report on Reorganisation of Local Government
1970s	Local Government Act 1972 – Reorganisation outside London Based on County Councils, District Councils and Metropolitan Boroughs
1980s	Abolition of Metropolitan Counties and the GLC
1990s	Banham Review – creation of some new Unitary Councils Creation of Greater London Authority
2000s	Unitarisation proposals linked to proposed elected regional assemblies Further move towards Unitary Councils
2010s	Reorganisation of Northern Ireland Councils Williams Commission in Wales proposing halving number of (Unitary) Authorities

By comparison with the 1980s legislative spike, our interventions to reorganize local government have been more evenly spread across the past six decades. But that perhaps oversimplifies things. While it is true that there have been different reorganisations of local government in each decade from the 1960s to the present, there has been a significant change in the nature of the interventions. In the 1960s and 1970s the reorganisations were on a large scale and definitive. The whole structure of London local government was radically reformed in the 1960s with the creation of the GLC and the current 32 London boroughs. Similarly, although not implemented in the form proposed, the Redcliffe-Maud proposals were thoroughgoing. And the package introduced by the 1972 Act, dispensing with a large number of Urban District Councils and Rural District Councils, and putting in place the two-tier county and district structure still recognizable in many parts of the country today, was different but equally thoroughgoing.

By contrast the changes of the past three decades from the Banham Review in the 1990s to the Williams Commission proposals in Wales, have proved to be more cautious and limited in their impact. Maybe in reaction to the heavy-handed reforms and abolitions of the 60s, 70s and 80s, there has been a greater willingness to consult and to modify, for example proposals for unitarisation, in response to local pressure.

County council	46	46	39	34	27
County boroughs	79	-	-	-	-
London boroughs	32	32	32	32	32
Metropolitan boroughs	225	36	36	36	36
Urban districts	450	-	-	-	-
Rural districts	358	-	-	-	-
District councils	-	296	296	238	201
Unitary authorities	-	-	-	46	55
GLC/GLA	1	1	-	-	1
Total	1,191	411	403	386	352
<i>Date</i>	<i>Prior to 1972 Act</i>	<i>Post 1972 Act</i>	<i>Post 1986</i>	<i>Post Banham</i>	<i>2010</i>

The consequence as we can see from this summary of the number of local authorities at various points in time over the past half century, is that while the direction of travel is clear, the pace of change in recent years has been slower and there remains a considerable degree of uncertainty about when and how the next stage of reform will proceed. There is certainly a feel of ‘uncompleted business’ about the current mix of local government structures and this has been further emphasised by the Scottish Referendum and the pledge for further devolution, both north of the border and in England and Wales.

I do not intend to go into a detailed review of the implications of the current devolution debate – that would take an unreasonable amount of time – but I cannot avoid two observations.

First is the extent to which those who are advocating an English Parliament or ‘English votes for English business’ appear curiously blind to the argument for greater devolution within England. Government at Westminster can appear profoundly remote from many people in the English regions, a point which Mr Farage has not been slow to trumpet. This is not just an issue for Scotland, Wales or Northern Ireland.

The second is the continuing assumption held by most MPs across parties that it is perfectly reasonable for Parliament to abolish or reorganize local government as the spirit of the moment suggests. Our colleagues across the Channel often express surprise that there is no statutory underpinning to local government in this country, and find it extraordinary that central government could for example abolish the Greater London Council in 1986, and subsequently create the Greater London Authority in 1999, without any wider constitutional convention. While this is the natural consequence of our system of parliamentary sovereignty and the absence of a written constitution – another subject which you will be relieved to hear I

don't intend to explore – it does to my mind raise questions as to whether we should be seeking some more substantial underpinning to the arrangements we put in place for local government.

When we were in the process of establishing the Greater London Authority in the late 1990s – at a time when I was Minister for London - we gave some serious thought to this issue. The predecessor GLC had been abolished in 1986 and the Conservative Party in 1997 was still opposed to the creation of a new London-wide authority. The referendum held in 1998 as part of the process – referendums were certainly in fashion in our party at the time! – was seen as one way of giving added legitimacy to the new authority and making it harder for a future government to abolish it at will. And of course the referendum in 2004 on the proposed Elected Regional Assembly in the North East gave a very clear message to Government that that particular proposal was not wanted.

Referendums may or may not be the best mechanism to gauge support for reform – they have been seen as necessary to approve the creation of mayoral systems of local governance, but not in general for other changes such as the creation of unitary authorities. However it does seem to me that some agreed mechanism will be required in future to ensure that changes in the structure or competence of local authorities enjoy a good measure of support in the wider community and have a reasonable prospect of continuing for the foreseeable future. We should also I believe be seeking to create a climate in which local authorities feel less “done to” by central government, and feel able to participate on a more confident basis in debates about the future role, shape, financing and competence of local government.

Despite all the protestations of ministers and shadow ministers that they favour more devolution or localism, the reality is that we still live in a profoundly centralist culture in which too many decisions, often of very limited importance and of overwhelmingly local interest, are taken at Westminster rather than in the Town or County Hall. Ministers still routinely tell local government what they can or cannot do, demand the dismissal of locally responsible officials if they are seen to have failed; deny local authorities any meaningful control over local revenue raising decisions, and even tell councils how often their dustbins should be emptied.

Why has this profoundly centralist culture been allowed to develop and survive despite the lip service paid to the merits of localism? I think there are four main explanations.

The first is the sustained resistance of the Treasury to allowing scope for action at a local level which might have unwelcome consequences for the British economy.

Perceived obstacles to localism	
1. Finance	Treasury fears of open-ended spending, and profligacy
2. Reputation	Poorly managed, inefficient or wasteful local authorities
3. Control	Reluctance of ministers to let go
4. Postcode Lottery	Curious alliance between Fabian socialism and right wing media

This is not new. Indeed despite the widely held view that the 19th century was a golden age of local government when local initiatives flourished unfettered by central constraint, the truth is that from relatively early in the 19th century, as the current structures of local government began to emerge in broadly recognizable forms, central government was increasingly setting the terms and conditions under which local authorities operated. So as specific responsibilities, for example for policing, for public health or education were defined, applying either to particular types of local authority, or Boards entitled to precept, government either imposed ‘ring fences’ on how revenue could be used, or introduced central auditing to ensure that grants provided by government were applied for the purposes intended.

Foster, Jackman and Perlman in their 1980 study of Local Government Finance commented:

“What the 19th Century showed was a very strong movement away from local autonomy to centralization in which new legislation, discussion of tax principles and the purpose of growth were all grounds for debate and even conflict between central and local government”.

The process of central control accelerated in the 20th century, particularly with the passage of the 1929 Local Government Act which introduced a block grant, General Exchequer Contribution, based on a complex formula which took some account of both need and local resources. In debating the principles on which the Act was based, Winston Churchill, the Chancellor of the Exchequer, complained that the preceding system was “very

unsatisfactory” as Treasury expenditure on local government “is largely uncontrollable. The local authorities call the tune and it only remains to calculate the percentage upon which the Exchequer pays the piper”.

Churchill was not particularly kindly disposed to local government. Earlier in his career he had written to Prime Minister Asquith, fearing that he might be appointed to the Local Government Board in 1908:

“There is no place in government more laborious, more anxious, more thankless, more choked with petty and even squalid detail, more full of hopeless and insoluble difficulties ...”

I have often wondered how many local government ministers have had that quotation etched into their red box!

Through the 1940s with the introduction of ‘Exchequer Equalisation Grant’, the 1950s and the 1960s with its ‘Rate Support Grant’, central government exercised an increasing domination over total local government expenditure. The Layfield Report in 1976 charted the rise in the percentage of local expenditure met by central government from 15% in mid-19th century to 19% in 1888, to 40% by 1929 to 45% by 1973. Layfield commented:

What has been clearly visible over recent years is a growing propensity for the government to determine, in increasing detail, the pace and direction in which local services should be developed, the resources which should be devoted to them and the priorities between them... When ministers are responsible for providing a high and growing proportion of the money, they naturally want to have a considerable say in how it is to be spent.”

I have already highlighted the blizzard of controls imposed in the 1980s, again very largely prompted by the Westminster Government’s drive to curb what they saw as profligate local expenditure. After the dust had settled on the disaster of the Poll Tax, its replacement, the Council Tax left an even smaller percentage of local spending available to be determined locally. And even that has been subject to draconian controls.

Associated with this argument on the need for tight financial control over local spending, has been the assumption, sometimes tacit, sometimes voiced openly, that local government was not competent to control its own affairs.

Perceived obstacles to localism	
1. Finance	Treasury fears of open-ended spending, and profligacy
2. Reputation	Poorly managed, inefficient or wasteful local authorities
3. Control	Reluctance of ministers to let go
4. Postcode Lottery	Curious alliance between Fabian socialism and right wing media

Again the turbulent 1980s saw the high point of public criticism of the competence of local councils, much generated by Conservatives, justifying the progressively tighter controls imposed on local councils and the abolition of the GLC, but also finding significant echoes on the Labour side of the Chamber. Neil Kinnock’s famous reference to Liverpool Council in the mid-1980s – “the grotesque chaos of a Labour Council hiring taxis to scuttle round the city handing out redundancy notices to its own workers” – is perhaps the most renowned, but by no means the only example.

While it is certainly true that attitudes among MPs are now significantly more favourable towards local government than in the 1980s, the legacy of that era has cast a long shadow. It was certainly clear to me as Minister for Local Government between 2001 and 2005 that local government had to demonstrate that it was delivering quality services and value for money if it was to convince still skeptical colleagues at Westminster that it should receive greater powers, freedoms and flexibilities. That was the background to the Comprehensive Performance Assessment, a new performance management regime overseen by the Audit Commission, which we introduced in the early 2000s, and some targeted interventions to turn around the most egregious examples of ailing authorities. These were not just seen as “basket cases” but gave local government as a whole a bad name. Seeing the remarkable transformation of Hackney Council over the past 13 years to take just one example, is a cause of some satisfaction. Today’s announcement by the Secretary of State for Communities and Local Government of his proposed intervention in Tower Hamlets in response to the

damning PWC report on malpractice in that borough is a reminder that such interventions may from time to time be necessary. But as the Secretary of State emphasised in his statement, these are very much the exception and not representative of the high standards of probity and good governance demonstrated by the overwhelming majority of local authorities.

Even so, and with clear evidence of rising performance standards across local government, there remains a reluctance among many MPs and Ministers to allow more devolution of powers to local government. This takes me to my third explanation of Westminster's reluctance to let go.

Perceived obstacles to localism	
1. Finance	Treasury fears of open-ended spending, and profligacy
2. Reputation	Poorly managed, inefficient or wasteful local authorities
3. Control	Reluctance of ministers to let go
4. Postcode Lottery	Curious alliance between Fabian socialism and right wing media

It offers both an illustration of human nature, and a cautionary tale. Human nature rears its head in the reaction of some newly appointed Ministers to the proposition that some of their decision-making powers might be devolved to local government. “After waiting all these years to get my hands on the levers of power, are you seriously suggesting that I should hand them over?” would be a broadly accurate (if slightly sanitized) description of the instinctive responses of many of my colleagues to requests I made a decade or more ago for more devolution to local government. The cautionary tale is that many of the powers that Ministers were so reluctant to relinquish were largely illusory. Making things happen locally usually depends on effective partnerships on the ground. Sitting in an office in Whitehall and issuing instructions, exhortations, or even statutory instruments is rarely the best way to get results. Particularly when the quantity of decision making reserved to the centre is still so enormous and often mind-numbingly trivial. I have for some time been convinced that one of the ways in which we can improve the performance of government is to do less and do it better, to concentrate on the really important strategic issues, and devolve much of the rest.

Why we find it so difficult to follow this common-sense approach takes me to the fourth explanation. This is the insidious influence of that familiar phrase “the postcode lottery”.

Perceived obstacles to localism	
1. Finance	Treasury fears of open-ended spending, and profligacy
2. Reputation	Poorly managed, inefficient or wasteful local authorities
3. Control	Reluctance of ministers to let go
4. Postcode Lottery	Curious alliance between Fabian socialism and right wing media

There we see one of the most curious political alliances of the past century, combining the Fabian socialist egalitarian tradition with the campaigning zeal of the generally right-wing tabloid press. Any evidence of local variations in the quality or scope of service delivered in one locality as against another is fair game for either the Fabians or the Red Tops. This in turn prompts MPs and Ministers into often Pavlovian responses – promising to clamp down on the offending authority or to pass new laws to prevent the practices that have been denounced. It is rare indeed to hear a Minister or local MP, when challenged in such a context to say “it’s not my decision or responsibility. This is a matter for the local authority”. We all know why. Being denounced in the media for failing to “get a grip” or for “letting down” the members of the public who are seen as the victims, is not a pleasant experience and few of us would willingly invite such a fate. Yet by promising central action to remedy the problem, we are perpetuating the very culture that has inhibited effective devolution and has emasculated local government.

In a splendid article entitled *There’s nothing to fear from a postcode lottery ...*, Tony Travers points out the curious paradox that at the same time as it tolerates one of the widest differentials of income and wealth of any European country, the UK simultaneously expects public services to be delivered to exactly similar standards in every part of the country, and as if this were not difficult enough, it expects it to be achieved on the back of a tightly restricted tax base.

Now I am not arguing for a laissez-faire approach that turns a blind eye to inequalities and ignores blatant failures to deliver a decent standard of service. We do, in the UK have a strong sense of ‘fairness’ and do not want to see unacceptably wide variations in the life chances and treatment of people living in different parts of the country. There must be a framework for the promotion and maintenance of good standards of service and equitable treatment of people whether they live in Basildon, Brixton, Brighton, Bournemouth, Bristol, Birmingham, Bolton or Barnard Castle. But just listing those towns immediately provides a graphic reminder of how diverse our country is. The characteristics and demography of local places are enormously varied, and this is something to celebrate not condemn. All of us who represent particular localities rejoice in the unique local distinctiveness that makes it a special place, and want to see the positive local characteristics enhanced. So we want our area to be an even more attractive place to live in or visit, we want to see more and better investment in local businesses or activities that generate wealth and employment, we want to see the local environment enhanced, transport improved, and leisure opportunities extended. Parliament and central government can assist and support local initiatives to deliver stronger, more vibrant and successful local communities but it cannot deliver this from the centre. As so many commentators have emphasised over the years, effective local government is fundamental to placemaking and place enhancing. We need to re-empower local authorities to replicate the huge ambition which our Victorian forebears demonstrated when trying to make their city, their town, their community the most attractive, the most successful, the best planned, the most prosperous community in the region or indeed the country as a whole. Reigniting local ambition, and making it possible for local leaders to carry forward transformational change should be one of our fundamental objectives, and facilitating this does make demands on us here at Westminster. So in concluding these thoughts I would like to spell out an agenda for central as well as for local government.

First we need to be clearer about the distinction between central and local responsibility. We must be firmer in insisting that some issues are the responsibility of the local authority, and exercise self-restraint in not wading in to what ought to be matters for local decision making.

Reform Agenda

8

- 1. Clear distinction of roles of central as against local government and elected representatives**
2. Close co-operation and joint working between central and local government, MPs and councillors
3. Devolution of more powers and fiscal responsibility to regional, sub-regional and local bodies
4. Royal Commission on local government finance and revenue raising powers
5. Constitutional underpinning of local government structures

Now I fully recognize the many pressures on MPs to be seen to be active in their community. We neither can nor should aim to put the clock back to the era of Palmerston. But if we are constantly crossing the line between what are the areas where the local authority should be taking the decision, and those where Parliament should call the shots, we will make it hard if not impossible for confident, competent and successful local authorities to give the leadership their communities need.

I am well aware of the many temptations on MPs to cross the line – there is the obvious political attraction of being seen to be ‘at war’ with the local authority when it is doing something difficult and potentially unpopular, even more so when the council is controlled by a different political party. However I have to say that some of my colleagues appear to enjoy being seen to be at war with their council even when it is of the same political colour!

Politics is a ‘rough trade’ and a certain amount of division is inevitable, even within the same party, but a pervasive conflict between MP and council is likely to hamper rather than facilitate improvements to local services and opportunities.

Contested mandates where both the MP and the council are vying for “top dog” status are rarely conducive to effective performance and will inevitably reinforce some of the uncertainty which the public often feels about where power lies. How many of us have been urged by constituents who feel they have been let down by their council to intervene on the grounds that the MP has a higher status, often with the flattering comment that “You have the power to sort them out if you choose to do so”. And by inference “you will be letting me down if you don’t.”

Negotiating a path through these thickets is not easy – it is much easier to follow the constituent’s plea and launch an attack on the council – but if we are to have confident and effective local government, this does, I believe, require some judicious self-denial on the part of parliamentarians and a mature recognition of the distinct responsibilities of central as against local representatives. It also can help to reverse the insidious process which has led some MPs to interpret their role as little more than a “super councillor”.

Secondly I believe we should be doing more to promote joint working between Parliament and local government.



Reform Agenda 8

1. Clear distinction of roles of central as against local government and elected representatives
- 2. Close co-operation and joint working between central and local government, MPs and councillors**
3. Devolution of more powers and fiscal responsibility to regional, sub-regional and local bodies
4. Royal Commission on local government finance and revenue raising powers
5. Constitutional underpinning of local government structures

There is, I believe, enormous scope to do better. As chair of the Centre for Public Scrutiny I have been very struck by the degree to which the scrutiny roles of parliament and local authorities are pursued almost entirely separately with little or no attempt to learn from each other’s experience, share evidence or combine expertise.

This is just one of the areas where we have failed or made only tentative steps to put in place mechanisms to ensure more joined up and effective government, even though there are obvious benefits from better co-operation and joint working. As we increasingly understand some of the problems, inefficiency and waste that flow from the traditional silo-based models of service delivery, and see the potential gains from better integration, I hope that central government and its agencies, as well as local government, will both initiate new models of joint working, and explore opportunities for shared accountability structures. CfPS’s proposal for local Public Account Committees overseeing all public expenditure in specific localities is one suggestion which, I believe, holds out real opportunities for progress. Indeed

one of the challenges for implementation of such a proposal is to explore how local MPs as well as local councillors could successfully work together.

There are many other options for developing better arrangements for liaison, joint working and indeed pooled budgets, and I hope that these will be actively pursued in the years ahead. Certainly we have a real incentive to cut out unnecessary duplication and waste in a period where resources will be strictly rationed, and delivering best value for money will be essential.

Third we need to devolve more powers and more fiscal responsibility.



Reform Agenda 8

1. Clear distinction of roles of central as against local government and elected representatives
2. Close co-operation and joint working between central and local government, MPs and councillors
- 3. Devolution of more powers and fiscal responsibility to regional, sub-regional and local bodies**
4. Royal Commission on local government finance and revenue raising powers
5. Constitutional underpinning of local government structures

In the aftermath of the Scottish referendum, devolution is very much back on the agenda, but there are no simple clear routes forward in England. I have already made clear my view that restricting the debate to England as a whole, without understanding the sense of remoteness from Westminster felt by many English regions is not an adequate response. But following the rejection in the North East referendum of 2004 of the Elected Regional Assembly proposal, there is no model structure that would work across the whole of England. London already has a regional tier of government, the GLA, which has generally worked well, and it is pressing for more devolved powers. As a member of the London Finance Commission which recommended a package of devolved fiscal powers for London last year, I am naturally sympathetic to this case. But London is already the most prosperous part of the UK (albeit with considerable pockets of poverty and deprivation) and it would in my judgement be wrong to give further powers to London without at the same time offering comparable benefits to other parts of England.

The emerging Greater Manchester city region is a strong candidate, and could act both as a pathfinder and role model for other metropolitan areas. But this still leaves large parts of the country without a natural focus for sub-regional partnership. And in any case, any devolution package should in my view combine devolved powers for local authorities with the new powers for city regions and other sub-regional bodies that may emerge. In London, the 32 boroughs also have a justified expectation of some additional powers as part of the overall devolution package proposed by the Mayor. For all these reasons it seems inevitable that some form of constitutional convention will be required to consider the complex and detailed issues involved.

I have already highlighted the slow but clear process leading to unitarisation of local authorities in two-tier areas, and despite the protestations of the current Secretary of State for Communities and Local Government, I would expect that trend to continue. But as local authorities get larger, as they have been doing, so the need for ‘double devolution’ gets stronger. Devolution should not end at the Town Hall, we should also allow some powers, mainly related to very local amenities rather than authority-wide responsibilities, to be passed down to local parish or neighbourhood bodies.

Fourthly we have to put local government finance on a sound and sustainable basis.



The image shows a slide titled "Reform Agenda" with a list of five items. Item 4 is highlighted in bold. The slide has a light orange background and a small number "8" in the top right corner.

Reform Agenda 8

1. Clear distinction of roles of central as against local government and elected representatives
2. Close co-operation and joint working between central and local government, MPs and councillors
3. Devolution of more powers and fiscal responsibility to regional, sub-regional and local bodies
- 4. Royal Commission on local government finance and revenue raising powers**
5. Constitutional underpinning of local government structures

The nonsense of Council Tax, supposedly the main source of locally determined revenue, still based on notional 1991 values, with bands that are becoming ever-more remote from the realities of house values today and with draconian restrictions on local authority discretion to determine its own tax revenue is long overdue for reform. I have no doubt that an appropriate reform package would include a revaluation now and repeated at probably 10 year intervals, the creation of two new bands above the current maximum to reflect the much wider

differential in values than applied in 1991, and freedom for local authorities to set their own Council Tax demands and to be held accountable for it by their own electorate.

Few people other than unreconstructed centralizers would disagree with this proposition in principle, but equally few people would in the current political climate invest any hopes in it being achieved. I say this with some feeling having taken the 2003 Local Government Act, containing measures broadly along these lines, through Parliament only to see the provision for a revaluation due in 2007 repealed by my successor. Council Tax and Local Government Finance are so politically toxic that the likelihood of any change being made without cross-party support seems remote. The sad consequence is a system of local authority funding which is manifestly unfit for purpose and which also fails utterly to make local councils responsible and accountable for their spending and revenue-raising decisions.

Changes made by the present Government to devolve some income from the National Non-Domestic (or Business) Rates, while welcome in principle, have been seriously compromised by the mind-numbing complexity of the arrangements. We also need to be conscious of the extent to which the business community is growing increasingly unhappy about the way it is becoming by accident the principal source of local authority funding.

So a comprehensive reform is overdue, and as I have already said, I fear that there is little chance of progress unless we can secure a good measure of cross-party agreement. Maybe this is a case for revisiting the now largely forgotten machinery of a Royal Commission.

Finally I return to the issue of underpinning the structures of local government so they have a greater prospect of longevity and are less prone to the vagaries of governmental tinkering.

8

Reform Agenda

1. Clear distinction of roles of central as against local government and elected representatives
2. Close co-operation and joint working between central and local government, MPs and councillors
3. Devolution of more powers and fiscal responsibility to regional, sub-regional and local bodies
4. Royal Commission on local government finance and revenue raising powers
5. **Constitutional underpinning of local government structures**

For a number of reasons I am skeptical as to whether a referendum is the right way to confirm agreement to new local government structures, even though the referenda in Scotland, Wales and Greater London in 1997 – 1998 did prove effective in helping the new devolved structures to start life on a relatively sound footing. An alternative might be the creation of a new body combining representatives from both Houses of Parliament and Local Government which would have a statutory role to examine and approve any proposals for change to the structures and powers of local authorities. The obligation to submit proposals to such a body would hopefully act as a brake on ministerial instincts to tinker, and would also provide a real opportunity for local government itself to play a constructive role in developing and evaluating future reform packages rather than being, as too often has been the case in the past 40 years, the recipient of predetermined and centrally imposed solutions.

Good local government is fundamental to the successful working of any modern democratic society. With so much in common, and with so many overlaps in our work, our procedures and our values, I hope that Parliament can over the coming years help nudge government into building a more constructive and mature working relationship with local authorities and elected local representatives, and in doing so help both to build more confident and more effective local government, and in the process help to overcome some of the cynicism and alienation which undermines confidence in our democracy.