

Independent local government

Next steps





Foreword

Sir Merrick Cockell

It has been a privilege to work with the Chair of the Political and Constitutional Reform Select Committee on its proposed Code entrenching independent local government, something that could have such a profound impact on how we serve our local communities.

We have been clear that we wanted this campaign to be led by councillors – they are the heart of local democracy and must be at the forefront of the debate on the future of our sector’s relationship with central government.

I have been travelling around the country to listen to the views of councillors on the Select Committee’s proposals.

I suspect that were you to ask a councillor if they were content with the current relationship with central government, the answer would not be a resounding yes. We know there is room for improvement, and we’re grateful for the Committee for highlighting this opportunity for change.

This is a particularly timely conversation, coming as it does in the context of the Government’s localism agenda and approaches such as community budgeting, through which councils are being more innovative, working together to find new and better ways of serving local people.

Councillors have told us that they particularly want us to address the key issues outlined in this paper, and we will continue to work with the Committee over the coming months using these points as a framework for our discussions. However, we still want to hear your thoughts and experiences, so please do get in touch by coming to one of our listening events or emailing the campaign team. I also encourage you to respond directly to the Committee’s call for written evidence so that the wide range of councillors’ experience and ambition is reflected in their investigations.



Councillor Sir Merrick Cockell
Chairman of the LGA

Foreword

Graham Allen MP

While debates about devolution and independence rage, local government has been reduced over recent decades to little more than an agent of central government. We need to have the ambition and leadership to set ourselves free from the chains of Whitehall, become an equal partner, and enjoy the same independence as it has in most western democracies.

Such a proposal would amount to the largest denationalisation ever undertaken and the restoration to the public of their ownership of their own local government. Firstly, local authorities must be created in law as independent and sovereign entities and their duties codified.

Secondly, political independence for councils would mean nothing without financial independence. Central government must be removed from financing local councils. This dependency culture must end. To do so a radical new settlement needs to be implemented on taxation.

The bulk of their expenditure secure, local councils should then be free to raise the remaining part of their income however they and their electorates decide. In a mature democracy, local councils would be confident and competent enough to raise and spend what they decide is appropriate. Citizens knowing what they pay and why they pay it and holding their own local representatives to account will constitute a firmer discipline and stronger bulwark against central interference than any statute.

Throwing away the crutch of central government will be a frightening as well as an exciting challenge. However, devoted public service has always characterised local councillors of all parties, and they will respond to their liberty. Let local people decide on their spending, their services, on their electoral system or the use of direct democracy. After the high tide of localism, do we watch its steady default back to Whitehall or do we have the vision, the will and the audacity to create our own independence?

The Political and Constitutional Reform Select Committee's consultation on the prospects for codifying the relationship between central and local government remains open until 5 October. I encourage you to send your response and your thoughts on the code to the Select Committee at pcrc@parliament.uk. You can find more detail on the inquiry, and a copy of the draft code, at www.parliament.uk/pcrc.



Graham Allen MP

Chairman of the Political and
Constitutional Reform Select Committee

Introduction to the campaign

Councils are at the heart of every local community. They provide the services people rely on; they change lives every day; and they are directly accountable to their local electorate.

Councils' ability to radically reform public services and work innovatively with public service partners is more important now than ever. It's no management cliché to say that the status quo is truly no longer an option: deficit reduction means that the deliver of public services on a business as usual basis is not possible.

But for too long local people have been left out of the loop on who is running their public services, with it being unclear as to who is accountable for what. The Local Government Association (LGA) is campaigning for greater clarity for people about the relationship between central and local government and over the last few months, we have been consulting with our members on the issue of codifying the relationship between central and local government.

Since the beginning of the year, the LGA has been speaking to its members through regional events, discussion groups, online communication, and a variety of other means to ask our members what they want to happen. These conversations have informed the LGA's position on codifying the relationship between central and local government. This paper also provides a summary of the responses we received and discussions we have had, recommendations, and next steps for taking forward this important issue.



Listening to councillors

We at the LGA knew that to really start to change the relationship between local and central government we needed to get a grass roots view about what more powers and freedom for local government would mean for councillors and their communities.

We wanted as many councillors as possible to have their say. Together with Graham Allen MP, the Chair of the House of Commons Political and Constitutional Reform Select Committee, we took to the road to hear from councillors around the country about their ambitions for local government.

Throughout our conversations, councillors agreed that for too long local people have been left out of the loop on who is running their public services, with it being unclear as to who is accountable for what. Everyone agrees that it's time this changed because local decision-making is a more efficient way of producing better outcomes.

Local government is accountable and it is trusted, accessible, and transparent. According to latest figures, seven out of ten Britons¹ are satisfied with the way their council is running things. In contrast, approval for central government currently sits at 24 per cent.²

Democratically elected councils are working hard to talk to, and work with, local people about those issues that make a real difference to people's lives. And if councillors do not deliver what local people want, local people can – and should – vote them out. In Leeds, councillors told us they'd like greater consistency in central government's approach: on one hand, councils are trusted to run social care, but on the other, face interference on levelling fines and bin collections. With the weight of public opinion behind local government, is it not time to empower them to deliver more fully on behalf of local people?



1. LGinsight & Populus poll, May 2012

2. YouGov poll, June 2012

Throughout the discussions, councillors have argued that they should be free to control their council's assets; to raise finance through the bond markets and use pension funds more effectively. There is a real appetite to take on greater financial autonomy that can support local services and encourage economic growth. Local government has a better credit rating than many EU governments and they feel we should be able to put that to work for local jobs.

Local councillors are elected to hold local services to account, meaning that their role in our democracy is also a key part of the constitutional debate. In Yorkshire and the Humber councillors compared their freedoms as an area with those available to Wales or Scotland – and weren't impressed with the result. With the prospect of Scottish independence and enhanced powers for the Welsh Assembly, discussions about the possible impact on England have been pushed to the background. On English devolution, is local government the answer to the 'English Question'?

It is clear there is a real appetite for change. We are agreed that there is a need for greater freedoms for councils and for the Government to press ahead with its plans for decentralisation. Councillors have been supportive of empowering local government by giving enforceable weight to their freedoms and responsibilities. We will be focusing our discussions with the Government on five key areas, which are introduced in the next section.

Is a Code a good idea?

Our reflection on the Code, helped by the events that have taken place over the last few months, has led us to two conclusions:

- a Code could be a good idea if it enforced some improvement in local government's autonomy
- but only if it actually enforced it.

Councils' past experience of ambitious but informal statements has not been encouraging. The 2007 Concordat with the Government was not enforced and councils had no redress against that. Meanwhile, Conservative, Labour and Coalition governments have insisted that the UK is compliant with the European Charter on Local Self-government even though the Charter's official arbiter, the Council of Europe, disagrees.



So we suggest our answer to this first question is that an effectively enforceable legal embodiment of the most strongly-supported elements in the Select Committee's draft Code could well be a powerful way of entrenching and advancing councils' autonomy.

To do the most significant things proposed in the Select Committee's Code, we believe the enforceable legal document would have to be an Act of Parliament.

In our discussion events, councils have highlighted repeatedly the risk that, whatever Parliament's intentions when a new code was enacted, it would be vulnerable to change or repeal at the whim of any government in future. We therefore strongly support the Select Committee's suggestion that the new provisions should have special protection, making them a quasi-constitutional law like the Parliament Acts.



What should be in the settlement?

The elements of the Select Committee's proposed Code that have commanded the strongest cross-party political consensus at our events, and are likely to do so within the LGA generally, are these:

1. full retention by local government of uncapped and locally-decided council tax and business rates, subject to retaining mechanisms for fairness and redistribution
2. entrenching local accountability by removing many of central government's unnecessary supervisory powers (although there is a feeling that it is good for central government to retain a backstop role in areas such as safeguarding)
3. removing central government's and Parliament's power to decide councils' boundaries, structures and governance models, leaving those matters up to councils and local communities with the support of the independent Boundary Commission
4. restating the General Power of Competence, and extending its principles in the spirit of community budgets, by making it a default position that local government should have the power to provide any local public service not explicitly reserved to another body
5. entrenching those elements of local government's legal position in a way that made it harder for future Parliaments to re-regulate local government.

These could be reflected in an Act of Parliament somewhat shorter than the Committee's proposed Code, although making it work legally would require many consequential repeals and amendments of existing law.

What next?

The LGA will continue to work the Political and Constitutional Reform Select Committee to involve more councillors in this important discussion. The LGA's member councils will be debating our approach to these issues at our annual conference in Birmingham (26 to 28 June 2012). Following that, we will make a formal response to the Select Committee and hope that, working together, we can then take the debate to the rest of Parliament and to the government to seek a commitment to concrete changes as the government looks to the second half of its mandate.



... shall be consulted, early within the policy and decision-making processes, which will affect any council and its communities.

Article Four: Inter-governmental activities

1. Central and local government acting jointly shall be allowed to create inspection regimes to set and maintain service standards.

Article Five: Territorial autonomy

1. The boundaries of local authorities are an issue for councils and their citizens. Any proposal for boundary changes must be conducted with the involvement of the Local Boundary Commission for the area and within the law and subject to a referendum in the area concerned.

Article Six: Council governmental systems

1. Citizens through their councils shall have the autonomy to choose their internal decision-making systems (including directly elected cabinet and leader, or some other political system). Changes to systems must first be approved by referendum.

Article Seven: Local government integrity

1. Local councils shall to the greatest possible extent be financially independent of central government. Equalisation Board on an annual basis.

2. Local citizens through their councils may raise additional sources of income in their localities in any way they wish [subject to the rule of law and human rights legislation] if they gain the consent of their electorates through a binding referendum or local propositions.

3. Local government shall be given a guaranteed annual share of the yield of income tax. This share shall be increased as and when service provision responsibilities are transferred from central to local government so that councils are always able to benefit from the growth in budgetary tax resources available to the state as a whole.

4. The process of equalisation, ensuring fairness as between local councils, shall be undertaken by a body independent of central government.

For more information on independent local government
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Political and Constitutional Reform Select Committee

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Useful websites

www.local.gov.uk/campaigns

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