

LYONS INQUIRY

into Local Government

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8 May 2006

Dear Stakeholder

I am writing to inform you that today I have published a paper setting out my latest thinking on the future role and function of local government. This document is intended to set challenges for both central and local government to achieve a system that re-builds public confidence and leads to better outcomes for everyone, offering greater choice at the local level. The full report is available at www.lyonsinquiry.org. I attach a copy of the executive summary for your information.

The main question that I seek to discuss in this paper is whether we would be a happier and more prosperous nation if we were able to make more choices at a local level.

The last 25 years have been marked by increased centralisation of decision making and the scope for local choice has, as a result, been significantly reduced. Successive Governments motivated by understandable concerns to improve the quality and value of public services, to seek consistent standards across the country and to tackle the perceived weaknesses of local government and other local agencies have driven decisions about funding and priorities to the centre. This has undoubtedly had some benefits: challenging moribund services; promoting the search for better value and encouraging new forms of service delivery.

However it must also be acknowledged that the same pressures have produced some weaknesses which include a large and expensive machinery of supervision that in practice goes well beyond the regulatory agencies to include significant parts of government departments. The resulting confusion about who is responsible for what and who can be held to account has I believe eroded public trust in Government.

The impact on local government has been profound for both good and ill. Services have improved, local partnership fostered and there is evidence of greater efficiencies. The picture is not consistent but it is promising. At the same time the gravitational pull of Government grants, targets and performance management has created an unhealthy situation where local councils are too often focused on the wishes of Ministers and their departments rather than their own citizens' needs and preferences.

Add to this a growing concern that centralisation brings its own confusions and rigidities and it is not difficult to see why there is a growing interest in redefining the relationship between central and local government to leave more room for local choice.

In this short report I seek to explore the case for just such a rebalancing based on a strong conviction that good government in this country requires the whole system to work well, with clearly defined responsibilities and improved accountability to taxpayers.

In exploring the scope for local choice I challenge the preoccupation with post-code lotteries. It is understandable that every citizen should expect a range of common entitlements, but the longer the list the greater the probability that Government will fail to deliver because of either practical constraints or the simple fact that the promises cannot be afforded. Devolution to Scotland and Wales is beginning to demonstrate that different parts of the UK can tolerate and even flourish on the basis of different decisions about the mix and form of public services.

From Sir Michael Lyons

*The Lyons Inquiry into Local Government: an independent inquiry jointly
commissioned by the Deputy Prime Minister and Chancellor of the Exchequer*

In this paper, I stress the need for closer engagement between government and its citizens recognising that involving people in the design and delivery of services can offer not only greater levels of satisfaction but also improved value for money and greater progress towards inevitably elusive objectives, including improved health and community safety, which often depend on our own behaviour.

Part 3 of this paper emphasises the unique responsibility of local government in “place-shaping”: improving the economic, social and environmental well-being of the area which it represents. Greater freedom for local choice and for greater variation between one community and another will leave the space for local government and its local partners including residents and businesses, to address these issues with greater energy.

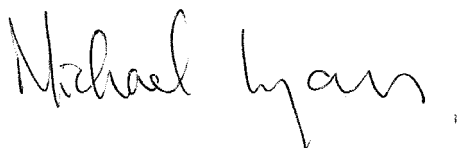
This represents a profound challenge to Government: to clear the space for local leadership and endeavour, and to set the framework. It should have confidence in local people that they will use the opportunity well.

It is an even bigger challenge for local government. The signs of recent improvement are clear but not universal. The challenge of promoting effective local choice and energetic place-shaping demands further radical changes - stronger leadership, closer engagement with local residents, effective partnership working with other services and the business community; a consistent commitment to efficiency and cost effectiveness. It is local government but not as we know it in all parts of this country.

Despite these challenges, I believe this agenda offers real benefits for us all – local and central government, and most importantly citizens in general. It is worth reflecting that this is a peculiarly English debate - other European countries are not preoccupied by fears of a postcode lottery, and take for granted the existence of a stronger partnership between central and local government. We should be working out how, not whether, to deliver greater local choice and flexibility in the interests of all our communities.

I would like to thank you for your input to my Inquiry so far and would value any further comments you might have on this document. As I have said before, I am due to make my final report to Ministers in December 2006 on the whole of my remit and hope that you will continue to engage with my Inquiry throughout this process.

Yours sincerely,

A handwritten signature in black ink that reads "Michael Lyons". The signature is written in a cursive, slightly slanted style.

Sir Michael Lyons

*From Sir Michael Lyons.
The Lyons Inquiry into Local Government Funding: an independent inquiry jointly
commissioned by the Deputy Prime Minister and Chancellor of the Exchequer*