

Lyons Inquiry into Local Government

Sir Michael Lyons

LGA Conference

“Driving Improvement”

28 February 2006

Inquiry remit

1. Consider changing **strategic role** of local government in the context of national and local priorities for local services; and implications for accountability;
2. Review how **devolution and decentralisation**, together with changes in decision making and funding, could improve local services, their responsiveness to users, and efficiency;
3. Consider changes which help to **manage pressures** on local services [contribution of devolution];
4. The original remit – funding – central to the Inquiry
5. Report to Ministers in December 2006 in time for the CSR 2007.

The Interim Report

- Cannot be a technical debate between local and central government and experts
- Critical questions to be answered:
 - What do the public want from local services?
 - What type of local government do we want?
 - Is “Placeshaping ” important?
 - What are we willing to pay for?
- Financial devolution must be connected to the wider questions

Opportunity for change?

- Ministers are opening up issues about devolution and structures – White Paper
- Recent comment and debate on localism and the role of local authorities
- Inquiry's remit links funding reform to role and function and feeds into CSR
- A “tipping point” towards consensus for a change in central-local balance?

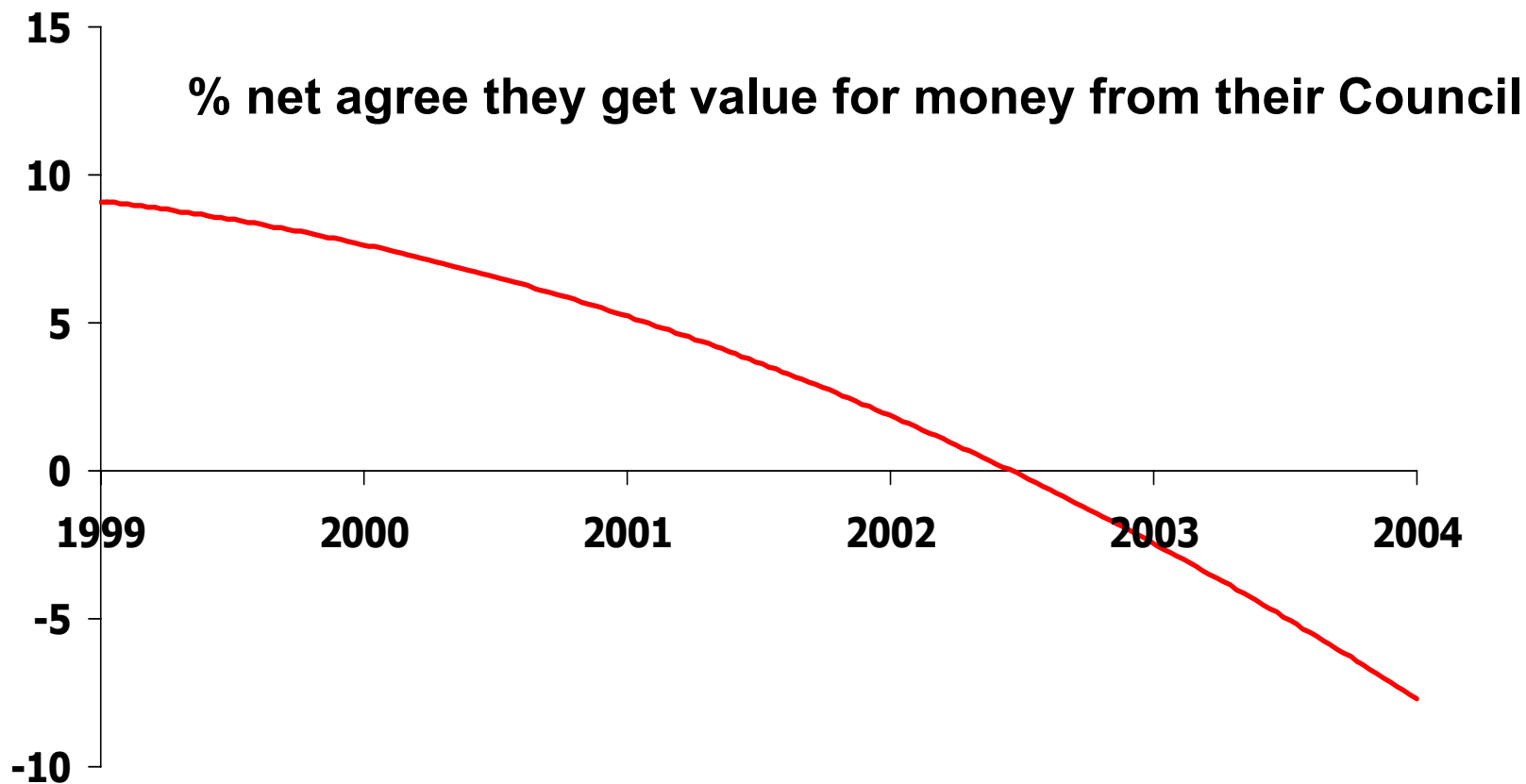
Is Local Government ready?

- CPA demonstrates clear improvements
- Continuing evidence of innovation
- LSPs and LAA working well in many areas to join up services
- Consistent improvement in some local services
- Outstanding examples of local ambition and Placeshaping

But challenges remain

- Public Satisfaction levels – reduced
- Limited trust in LG (though higher in services, and better than CG)
- Still doubts about election turn out and public participation
- Perceived Value for money, a key driver of satisfaction, is declining

Perceived value for money – can we turn this trend around?



Base: All LAs where MORI has done a residents survey since 1999

May be explained by..

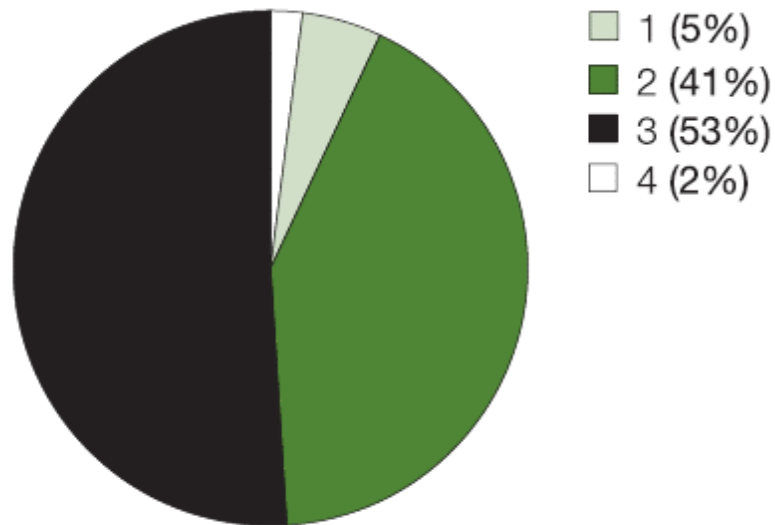
- A national rather than local agenda for services
- Increases in council tax
- Continuing criticism of local government

But its not without substance!

CPA – The Harder Test 2005

Value for money

Value for money judgement



Source: Audit Commission

A Challenge which cannot be ducked

- The need for further improvement is agreed
- It needs to be a shared mission
- Improved **Perception** of Value is key
- Improved Trust and confidence essential
- Need to reflect carefully on how this is achieved

A new constitutional settlement

Is only possible with greater public confidence and that's likely

- to call for new skills
- to demand better engagement
- to require onward devolution
- to require some rethinking of the role of the councillor

It would pose big new challenges

- **Responsibility:**
 - Are councils willing to take responsibility for tough choices under constrained resources?
- **Understanding**
 - Can we engage the public as partners in managing pressures
- **Local choice:**
 - Can we win the argument for local variation as opposed to postcode lotteries

Need to demonstrate the potential prizes:

- More vibrant local economies?
- Getting closer to what people want?
- Managing pressures more effectively?
- A major contribution to National Well-being?

Public debate is essential

- Hard political decisions depend on evidence of what public want
 - All authorities need to engage their public
 - And to provide evidence
- Need recommendations which are acceptable to local and central government and citizens, including business
- Devolution depends on public understanding of choices available to them, and confidence in local government

Going forward

- Informing the ODPM White Paper – publishing papers in April
- Final recommendations December 2006 – pre-CSR
- Recommendations on funding in the light of the role and function of local government
- Endgame:
 - A **stable** and long-lasting settlement
 - **Clarity** of central / local / other responsibilities
 - **Better services** and recognition of **broader role of local government**
 - A **funding system** which matches
 - **Ultimately:** more prosperous communities