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13 March 2006

Sir Michael Lyons
Lyons Enquiry into Local Government Funding
Room 3/12
1 Horse Guards Road
LONDON SW1A 2HQ

Dear Sir Michael,

**London Borough of Bromley's response to the Lyons Inquiry
– Consultation paper and Interim report**

Summary

Bromley welcomes the timely opportunity that the Lyons inquiry offers to consider the future role, functions and funding of local government. Any tier of government, with legislative, regulatory and tax-raising powers, must have public confidence and trust. Ultimately this is through democratic accountability and the ballot box. But in turn this requires clear, transparent accountability, so that citizens know who they need to hold to account for relevant decisions and taxes, and have the confidence that their views are listened to. There is an urgent need to restore public confidence and engagement in local democracy, largely because the current system does not give the required clarity and confidence to the public.

We believe that successive governments have failed to recognise the legitimate constitutional position of local government as the democratically elected tier of government which is closest to local people. Local government is still seen by too many in Whitehall as simply a service delivery arm of central government. Local government should, of course, work within an overall framework, legitimately set by central government to protect national priority outcomes at a minimum level. But central government policy towards local government has consistently assumed that it cannot be trusted – e.g., detailed regulation, prescription (often of process), 'targetitis', over-inspection, specific grants etc. There is also no uniform view and joined-up strategy towards local government. Different government departments pursue different approaches in their silos and this is still continuing - for example, in the differing approaches to the current debate re so-called "double devolution" in relation to schools, police, health, liveability etc.

The current Inquiry and Local Government White Paper offers a much-needed opportunity unambiguously to state a “one-government” view of the constitutional legitimacy of local government within a new more mature relationship with central government. This new relationship needs to recognise the legitimate interests of central government to set specified national outcomes for key national priorities. But this should be kept to a minimum, leaving trusted local councils maximum freedom to meet the differing needs of the local communities they were elected to serve. A vital part of such a new settlement is a “fit for purpose” funding regime which maximises local transparency and accountability – but it is only a part of the picture.

Specific points

Strategic role of local government

We agree with the overall analysis set out in the Interim report. As argued above, we believe that attention has traditionally been too heavily focused on local government’s service delivery role, with the importance of achieving local communities’ quality of life and democratic representation and engagement being seriously underplayed. The latter issues are especially important in renewing local democracy, public trust and satisfaction. So far as quality of life is concerned, local councils, working with their partners and local communities themselves, need to take an integrated approach to local economic, social and environmental well being. Whilst, for example, central government will have legitimate economic, health, policing and education outcome priorities, we do not accept that they are exclusively matters for national decision. Democratically elected local councils need to have some role and power in shaping local priorities within that national framework if they are to fulfil their community leader responsibilities. Local hospitals, schools etc., must not become foundation/trust “islands” separate from other local public service.

The myth of devolution

Whilst government has been talking devolution from central to local government for some time, we do not believe we have yet seen substantial and consistent delivery on this agenda in practice. If anything some current developments appear to be in the opposite direction – for example, Direct Schools Grant and schools policy generally.

Similarly, in London the apparent intention to give the Mayor/GLA more powers, will also potentially take further discretion away from locally elected boroughs in matters such as planning and waste. Even before such changes, local residents cannot understand how their locally elected council has such London-wide policies imposed on it. In addition, we believe that the Mayor is insufficiently accountable for the local impact of his precepting powers, nor is sufficiently scrutinised and held to account by a strong Assembly. We also eagerly await the rolling back of the substantial powers and budgets of un-elected regional Government Offices.

At best the devolution agenda seems to be a case of “two steps forward and one step back” – and on occasions the opposite balance seems more evident.

Trusted local government

At the heart of the current crisis, we believe, is a clear lack of trust. It is widely recognised that UK local government operates under probably the most centralised framework in the developed world. It seems that government does not trust councils without, at best, detailed “control and command” processes, or, at worst, attempts to by pass local government completely. Councils seem to be seen as part of the problem, rather than part of the solution.

The inspection regime typifies this – the total cost of the plethora of inspectorates and the opportunity cost to those being inspected is, we believe, unacceptable. As government itself has acknowledged, councils are too often serving a queue of inspectors rather than their queue of customers/citizens. It is also significant that government seems willing to consider devolving freedoms to un-elected bodies such as schools, foundations trusts or to neighbourhoods, that it would not contemplate devolving to elected local councils.

Similarly, local government had a parliamentary executive/non-executive decision-making framework imposed on it and it appears that government is currently sorely tempted to impose further Mayors on major cities. It is not only local citizens who feel frustrated with the current lack effective local accountability. It is common for elected councillors to feel increasingly disenfranchised in their ability to influence local decisions given the central/regional constraints and funding regimes they have to operate within. Many question the personal sacrifices they have to make in serving as a councillor given the perceived lack of power they have. This in turn adversely affects the health of local democracy.

We warmly welcome the opportunity that Local Area Agreements offer for a more mature negotiated central/local relationship and balance. Even here, however, it appears that the potential is not being maximised due to undue process, lack of a joined-up approach amongst government departments and a reluctance to embrace freedoms and flexibilities seriously. We also question the mind-set that freedoms and flexibilities have to be earned and are for government to grant - hence the timid freedoms allowed even to those councils deemed as "excellent/4-star" under the CPA. We believe that the presumption should be that elected local councils have far greater freedom unless it is clearly demonstrated that they are failing. There are many other similar examples which could be cited.

Funding

We have already given evidence to the earlier phase of your inquiry. Subsequently, we wrote to the Deputy Prime Minister (17th November) and copied this to you – copy **re-attached** for ease of reference. We will be meeting the Minister again shortly to pursue our justified grievances.

There is compelling evidence that the current funding regime is fundamentally flawed. There is also strong evidence that perceived value for money is one of the strongest drivers of public dissatisfaction with local councils currently. This is even the case in a council such as Bromley which has consistently had one of the lowest levels of spending and council tax in London.

The public view is understandable at a time when overall public spending has grown significantly, council tax has risen well ahead of inflation, but they have not seen improvements in the local environmental and community safety services which concern them most locally. In Bromley's case it would be an impossible task to communicate clearly to local people the tangled web of accountability that has led to the current situation – school budgets 'nationalisation'; arcane calculations whereby government now perceives Bromley as less needy in terms of government grant; new responsibilities and demographic changes for which we will not receive extra government funding given our "floor" position; GLA precept increases; etc.

As mentioned earlier, public confidence in local taxation and the value for money they perceive is one of the fundamental bedrocks of trust in locally elected government. The current system makes it impossible to deliver an acceptable level of public trust, confidence and clear accountability.

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Yours sincerely

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