



— Cabinet Member's Decisions —

**LEADER**

**HAMMERSMITH AND FULHAM COUNCIL'S  
RESPONSE TO THE LYONS INQUIRY ON  
THE ROLE AND FUNCTIONS OF LOCAL  
GOVERNMENT**

**Wards**

**ALL**

This report forms Hammersmith and Fulham council's response to the interim report consultation of the Lyons Inquiry on the role and functions of local government.

The deadline for responses to this consultation is 13 March 2006.

**CONTRIBUTORS**

**Decision taken by the Leader on 13 March 2006:**

ACE (POLICY &  
PARTNERSHIPS)

- 1. It is recommended that the Leader agrees the contents of the report for submission to the Lyons Inquiry as part of its interim report consultation on the role and functions of local government.**

POLICY MANAGER

AUTHORISED BY: .....
.....
.....
DATED: .....

## 1. BACKGROUND

- 1.1 This short note forms Hammersmith and Fulham council's response to the interim report consultation of the Lyons Inquiry on the role and functions of local government. The deadline for this consultation is 13 March 2006.
- 1.2 For clarity answers are given to the questions in the order that they appear in the interim report.

## 2. HAMMERSMITH AND FULHAM COUNCIL'S RESPONSE

- 2.1 **Question 1.** What is the strategic role of local government? Is my description sufficient or are there more elements you would add?

**LBHF response:** The description of the roles played by local authorities is both comprehensive and accurate, showing the many ways in which councils manage often competing demands and promote the general well-being of the community and individuals within it.

The emphasis on the community leadership role of local authorities is welcome as councils are the primary drivers in making partnerships of all kinds work at the local level. More might however be made of the fact that councils are centres of knowledge and expertise on many local issues, a valuable resource in their own right to residents, businesses and other organisations interested in place-shaping.

- 2.2 **Question 2.** What tools do councils need to perform the strategic role more effectively?

**LBHF response:** To perform strategically at the local level all councils need high-quality member and officer representation, the ability to build and maintain positive relationships with partners and other stakeholders, good quality information on which to base local decisions and a high level of trust – internally between members and officers and externally the confidence and trust of residents. In the case of this Borough, the London dimension – the roles and relations with the Mayor, the GLA and the functional bodies – must also be factored into any consideration of our strategic role.

The report correctly identifies the poor levels of public knowledge around the funding of and responsibility for local public services. This contributes to the poor public image of local government – often services are rated highly but “the council” still figures poorly – and acts as a barrier to building the trust and rapport with local residents that is a necessary precursor to public satisfaction. One way of tackling this could involve local councils taking on greater scrutiny of public services beyond the current position (just healthcare); at least then the local council would have a role in monitoring the scope and delivery of other local public services.

For all this, there are positive signs from Government that the local strategic role of councils will continue to develop and the Local Area Agreement is an important first step in vesting more power for delivering shared priorities at the local level. Hammersmith and Fulham has taken a bold line in negotiating its pilot Agreement

by pooling £29 million from previously ring-fenced funding streams to be spent according to locally-taken decisions. We would welcome the participation of further Government departments and agencies in time as a continuing sign of confidence from the centre in local authorities to determine and deliver on local needs and priorities.

However the autonomy granted through this process is compromised by two things: firstly, the inability of partners to commit fully to local priorities when they are directed by national departments and priorities; and secondly, the continuing reluctance of Government centrally to grant freedoms and flexibilities locally. This sends out mixed messages at a time when regional Government offices (in our case GO London) are pushing councils to roll out the detail of their Local Area Agreements as quickly as possible. It is important for the success of this initiative, and indeed the principle of local decision-making through local partnerships, that Government harmonises its approach to local government across departments. A greater recognition within all Government departments of the role played by regional Government Offices is essential in this regard.

**2.3 Question 3.** How important is the fact that local government is elected in relation to its ability and legitimacy to perform this role?

**LBHF response:** Local authorities are the only democratically elected and accountable public service agency and thus best placed to act strategically for a locality. Additionally, elections are crucial if local authorities are to continue as tax raising bodies. The legitimacy of the tax setting process would be completely undermined without regular elections. The need for taxation to be accompanied by democratic representation is a long established 'truism' that applies at all levels including locally.

Likewise, the ability of local authorities to raise their own income independently is fundamental to the local democratic process. Without this power local authorities would become local delivery agents of national Government, merely responsible for distributing resources rather than acting locally on issues of local importance. Real freedom and choice would be ended and local interest in the activities of local government would as a consequence diminish further.

The role of local government as scrutineers for other public services needs to be factored in, particularly when considered in concert with local democratic legitimacy. Such scrutiny ensures that the democratic mandate of local councillors is extended to other local public services (currently through the arrangement for health scrutiny) and provides further evidence of the importance of locally elected representation.

**2.4 Question 4.** Which services (or parts of services) should meet national standards in all areas of the country? Which should meet minimum standards? Which should be entirely down to local choice?

**LBHF response:** The question recognises that the debate needs to move away from simplistic arguments in the media on the "postcode lottery". The trend from national government, particularly in personal public services, has been towards the delivery of the same levels of service for all citizens regardless of where they live, local preferences and local circumstances (deprivation, wealth, urban/rural split etc). Hammersmith and Fulham believes that national standards in personal public

services form a necessary safeguard for residents and service users, but that local authorities alone and in partnership must have the flexibility to respond to local needs.

Where Government nationally wants to take a more active role in setting service standards this needs to be communicated clearly to the public so that they understand from which level of government these standards are being driven. Local authorities have some responsibility to their residents in managing this dialogue but the message needs to be consistently and clearly stated nationally so that local authorities are not considered to be accountable by their residents for policies and service standards not within their remit.

The current funding arrangements create confusion and do not support local choice. The resources available to local authorities remain almost entirely within the gift of central government. Despite the development of Local Area Agreements, the proportion of ring-fenced and specific grant funding has continued to rise, particularly with the implementation of the new Dedicated Schools Grant. The RSG process has become far less transparent and subject to greater Ministerial discretion. The decision for 2006/07 to claw back 85% of grant from all authorities that are above the grant 'floor' has effectively placed the final grant allocation almost entirely within government control. Even the Council Tax decision is subject to government intervention through the use of capping.

The way local government is funded needs to be recast if local choice is to be effectively exercised. Where standards are prescribed by central government then they need to provide the necessary funding to local government. In other instances authorities should be empowered, subject to allowance for different needs and resource capacity, to take accountability for local tax and spend decisions.

**2.5 Question 5.** How has the Government's approach to devolution and decentralisation affected your area and your local services?

**LBHF response:** A regional tier of Government has existed in London for several years and so Hammersmith and Fulham is protected from the uncertainty felt in other parts of England over the prospect of another round of local government reorganisation. However London authorities have specific governance issues including the current review of the powers of the Mayor and the GLA which may impact on the future role of this authority.

In Hammersmith and Fulham the LSP has an increasing role in facilitating and supporting neighbourhood engagement, listening to the views of the neighbourhoods in a locality, and ensuring that neighbourhoods can influence wider priorities in service delivery and the allocation of resources.

National priorities consistently take priority over those agreed locally. Hammersmith and Fulham would like to see greater recognition by government departments of the value in achieving locally determined targets. There needs to be an acceptance by government that in certain instances local targets should take precedence over national ones.

**2.6 Question 6.** How can pressures on local services be managed more effectively?

**LBHF response:** Pressures on local services arise for a number of reasons such as demography, changes in legislation and remit. Pressures may be down to national priorities and targets; in such instances it is only reasonable to expect national Government to provide the funding to deliver the requisite standards of service.

The parallel review of the funding system is welcome. The current system seems to be driven by the need to ensure Council Tax stability rather than reflecting needs and resources. Spending pressures that arise due to, for example, an ageing population, are no longer adequately recognised through the grant distribution system. Although the system may notionally allocate resources for such spending pressures they are likely to be clawed back to ensure 'minimum' grant increases for all authorities.

Following the changes made to the RSG process in 2006/07 it is now impossible to say how much money councils receive for the individual services that they provide. A reasoned debate is no longer possible on what spending pressures reflect local choice (and are subject to local control) and those that arise from national priorities and needs. If local authorities are to effectively manage pressures on local services then a recast of this system is required. Central to this is the issue of transparency, so that the public can make informed decisions about the type and quality of services that they and others locally receive and understand who is responsible for specifying and procuring them.

**2.7 Question 7.** How could responsibility for local services be made clearer between local government, central government and other agencies?

**LBHF response:** Where possible there needs to be a clear demarcation between services scoped and specified nationally and those where local input determines their shape and delivery. As pointed out in the response to question 6, this would increase transparency and make it easier for the public to form accurate judgements about how well their local authority is doing.

However a contractual approach to the delivery of public services would have implications for this relationship and the relationship between national and local government. It would place local authorities in the position of delivery agents for central government, a move which would weaken the position of local authorities and form a barrier to direct local accountability.

Rather, Hammersmith and Fulham would welcome an extension of the Local Area Agreement approach, where local authorities and partnerships agree with central Government a set of shared priorities and outcomes and then take responsibility for local direction and delivery. We feel that such an approach, based on a proper recognition of the importance of local democratic accountability, is the best way to progress improvement in local government and the services for which it holds responsibility.

**3. DIRECTOR OF FINANCE COMMENTS**

**3.1** The Director of Finance has been consulted and concurs with the contents of this report.

#### 4. HEAD OF LEGAL SERVICES COMMENTS

4.1 There are no legal implications at this stage.

#### LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext. of Holder of File/Copy</b>	<b>Department/ Location</b>
1.	Lyons Inquiry into Local Government: Consultation Paper and Interim Report	Tom Conniffe x2195	ACE (Policy & Partnerships) Room 142 HTH