

LYONS INQUIRY into Local Government

"We need more local choice to improve national prosperity"
Lyons Inquiry Interim Report and Consultation Paper:

Questions asked in the report
The strategic role of local government

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

- Which elements of this role should extend to services other than those for which local government is directly responsible, and how?
- How does the strategic role vary between different types of councils?

One of the historic reasons for the creation of local government is that central government requires of them tasks and responsibilities which continue to be difficult to satisfactorily address by either the private sector or by the third way. Planning, environmental health, waste management, social services, mainstream education and highways are all obvious examples.

Whilst less tangible matters such as "place – shaping" are vitally important and are a newer part of the role of local government, we venture that the ordinary citizen is more concerned with the earlier more tangible service areas.

A majority part of these core services are necessarily defined centrally.

An obvious area in which the strategic role varies between different types of councils is where there are two (if not three if one was to include regional administration) tiers of local government. We venture that the arbitrary boundary of a district council for example bears little relationship to such as housing markets, travel to work patterns, efficiency, effectiveness or economy of scale. Nor are such boundaries ever coterminous with other main public services such as health.

As a result citizens decreasingly feel any attachment to local authorities even though many are 32 years old at this point. The citizen just wants – and can see – good core services.

The other key area in which the strategic role varies is in the range of choices available to individual local authorities with regard to service standards and specifications and also with regard to priorities. There are many examples.

More affordable homes is moving up the agenda for local authorities in housing market areas where an unfortunate combination of low paid employment and

very high house prices is pricing out many ordinary hard working households. Central government has recognised this growing social problem and the encouragement and funding for us all to do something about it is in place. What differs – potentially radically – is in the commitment and willingness of individual local authorities to respond. As such, this could be yet another example of what the media are increasingly referring to as a postcode lottery.

The sub question asks about extending the debate to services other than for which those for which local government is directly responsible. In short yes, the answer is for local authorities to embrace the opportunities which working with the third sector present in respect of which Government continue to describe the opportunity and lay down the challenge to local government.

A simple view is that anything that can be done by the third sector should be. Such organisations will be able to concentrate on the one or small number of parts of the otherwise long list of responsibilities on the shoulders of local government. A Large Scale Voluntary Transfer housing association is a perfect example whereby we can not only provide good quality landlord services, we can also provide more affordable homes but, importantly, we can also make a significant contribution to all forms of community regeneration. In general terms, this latter opportunity is under utilised by local government nationwide.

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

- What are the existing barriers to councils performing this role effectively?
- In what circumstances does it work well and less well?
- Are further improvements in performance, efficiency and accountability needed before local government can most effectively play this strategic role and be trusted to do so?
- What are the key signs of success and failure?

The barriers to councils performing the strategic role more effectively include the fact that there has been a brain drain from the public sector to the third way at both governance and executive levels. However, in our view, rather than trying to fix that, the government's response might be to acknowledge it as an advantageous trend in terms of the creation and growing capacity and wherewithal of third way organisations to deliver services for the greater social good. In other words the capacity to deliver has drifted towards the third way in parallel with the brain drain. The response of local government might simply be to entrust and empower their local third way organisations.

Good practice or otherwise in local government is too dependent on the qualities and determination of the few. Good practice is no longer guaranteed by local government as an institution. This could be said to be yet another example of postcode lottery.

In terms of the tools which councils need, local authorities have traditionally been seen as the holder of the ring for initiatives, progress and services which cut across several different parts of the three sectors. The nation's emerging need to regenerate everywhere is a good example where diversification of tenure makes investment, refurbishment and betterment more difficult to achieve. However, in this example, the Large Scale Voluntary Transfer Housing Association is better resourced and better skilled and this strategic role would be performed more effectively if there was a national body (it exists, it's called English Partnerships) which had nationally applicable powers and responsibilities designed to facilitate the regeneration itself.

In this example, it is not the local authority that needs the tools. It is a national governmental agency with local delivery in the hands of the third way organisation.

Overall, the brain drain, which has been happening for almost 20 years, means that it is decreasingly likely that local authorities (generally speaking) will be able to effectively play a strategic role.

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

The decline in voting proportions for local elections provides a clear response to this question. The citizen only requires good service which is no longer a function of party politics or democracy.

If we look at the core functions and services of local government, by now, there is scarcely any party political differences either locally or nationally. What does the citizen want? Good services. Does it matter or is it relevant from which controlling political party those services are delivered? Scarcely if at all.

A further problem arising from falling turnout at election time is that it becomes easier for "single issue" candidates to get elected. The consequences are offensive when it comes to the BNP but, more to the mainstream of society, unhelpful if the candidate's single issue is, for example, resistance to development. After all, via Barker, the Government is now clear that many more homes are needed for all sorts of reasons but the so called democracy of local government is vulnerable to the (over simplified) point that the nation's 75% of

owner occupiers are likely to assume a vested interest in resisting housing development which has the potential to help the other 25%.

And local politicians recognise that votes are won from the majority. This is unhelpful to society as a whole. Part of the solution therefore would be to de-prioritise planning.

From a national perspective, all main political parties have moved away from their historical stances with regard to whether public or private sectors are “good” or “bad”. Without putting a party political context on it, what matters is what works and all the main parties have a modern take on achieving the most appropriate mix of delivery from all three sectors.

For all these reasons and more, one might take a view that the fact of local elections is wholly anachronistic by 2006.

To directly answer question 3, local elections and local democracy could be viewed as not at all important. Indeed, they may produce skewed results in favour of individuals with extreme views and significant tensions for some local communities might result.

Of course, the Government is aware that just one response is to move towards elected mayors in the hope that local government’s responsibility to conduct itself reasonably in the interests of the community as a whole would be in safer hands.

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?

- Are there aspects (such as standards setting, funding or choice of delivery mechanisms) of individual services which should be nationally controlled or locally controlled?
- Are there services where greater variation in standards would be acceptable if there was clearer accountability and consultation with local people?

On balance, I would favour a general presumption in favour of central direction to local service delivery.

One example of many is with regard to the law of planning. The current planning system purports to embrace local consultation but, almost everywhere, that comes down to too great an opportunity for local vociferous opposition to cause grossly inefficient delay and skews to a local government function which is at least supposed to be tightly statutorily prescribed.

The same principle applies across the range meaning that, at least in practical effect, local choice should be limited and this point is particularly pertinent to what I will call the “statutory” services such as social services, education, environmental health as well as planning. Otherwise we have postcode lottery.

There is a case for local choice with regard to matters such as community engagement and regeneration but even here society would be helped by a national steer by a governmental agency.

The question includes a reference to consultation with local people. We do of course accept that consultation is essential. Indeed that is exactly the approach taken by our housing association. The difficulty is that consultation is vulnerable to being hijacked by a minority with vested interests and again the anti development lobby is by far the more significant example.

As a general rule, the “ordinary” citizen is becoming less interested in consulting with their local authority unless they have a specific source of annoyance or complaint.

The outcome can often be that the normally silent majority – who as a general rule may well be generally satisfied – are much less likely to say so.

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

- Which aspects of the current system are helpful and unhelpful, and why?
- Have changes based on central government priorities differed from those that might have been driven by local pressure and opinion?

The move towards regional administration has now added a third layer of “local” government. If we pick probably the most significant regional strategy of 15, the South West Regional Assembly’s consideration of the Regional Spatial Strategy is already fraught with difficulties which are set to be compounded when the other two tiers of local government have their say. The current outcome is lack of clarity, uncertainty as to delivery and costly delay.

Managing pressures on local services

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

- What are the main types of pressures faced by local services and how are they currently managed?
- Which are the most difficult to manage and why?

- Would greater devolution of responsibility enable pressures to be managed more effectively?
- Does confusion about responsibility and duplication of effort contribute to pressures?
- Would greater public understanding of the actual costs of public services help to manage expectations and pressures?
- How can we ensure that the system provides the proper incentives and rewards for using resources efficiently?

The focus on inputs rather than outputs creates a less satisfactory working environment for many in the public sector. Good services require good staff who can obtain job satisfaction. Adverse factors bearing down on this problem are, generally speaking, less than excellent management and political interference at operational level.

This can be addressed by replicating the greater degree of empowerment (but also accountability) afforded third way executives and managers. Local government managers deserve to be trusted to “get on with it” as soon as the local politicians have set the strategic framework. But it rarely happens.

A sub question asks about confusion regarding responsibilities and we respond from the perspective of the ordinary local citizen. The man in the street does not know and he is confident he does not need to know which part of local government or, if outsourced, which other organisation is responsible for particular parts of public service. And we agree with him.

In a micro level example, four different entities might be responsible for cutting the grass in a place where the ordinary citizen walks his dog. The County Council, the District Council, the Parish Council and the local LSVT housing association might all have a quarter of the responsibility. And if we can't manage to co-ordinate one response, the citizen is entitled to conclude that we are all “useless”. The difficulty is in securing the co-operation and agreement of those bodies that all ought to want the same thing but who regrettably often don't. The straightforward solution is to remove duplication and to rationalise responsibilities.

Similar examples apply with regard to waste, recycling and again in planning where a District Council is vulnerable to the over prioritised requirements of the County Council as Highways Authority with regard to finalisation of Section 106 Agreements for planning permission. If the local authority is a unitary, the same problem still arises by way of internal wrangling.

The question also asks about public understanding of costs and therefore of our Council Tax bill.

As the consultation paper acknowledges, the current system arises as incremental change – often with a political slant upon it – has been implemented until we arrive at a position of having a grossly non transparent, bureaucratic system which would be non defensible if logic were to apply. However, we decline to comment further given that addressing this problem would immediately cause central government to rub against general public opinion about taxation. However, again as the consultation paper acknowledges, courage would lead to greater transparency and, in the eyes of the reasonable majority, greater acceptance.

Scope for a new agreement

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

- What might this mean for the current performance management framework?
- Would a more contractual approach for a small number of central priorities help to achieve this?

The question asks about performance management.

Firstly, such as Best Value Performance Indicators will **always** create perverse incentives as well as an endless, fruitless debate about whether the stats allow the comparison of apples with apples. Of hundreds of examples, we choose planning.

Generally speaking, some local authorities will allow the tail to wag the dog, to illustrate, by taking poor and rushed planning decision but on time. Of course, the first incentive is to take the decision on time which contributes to the generation of Planning Delivery Grant. But the economic and social consequences of landing the applicant with a poor decision are very considerable and when compounded nationwide, represents a grossly inefficient waste of public time and money.

In extreme examples, the performance of local planning authorities can be seen to vary as the BVPI period comes towards a close.

One solution is well indicated in the second sub question suggesting a more contractual approach for a small number of central priorities. We agree with this and would emphasise the “small number” aspect as being those core mainstream local government functions, particularly those which are still not well suited to outsourcing – planning, environmental health, education, social services etc.

Such a contractual approach would reflect the appropriate trend by local government towards contracting with third way organisations who are the majority providers of, for example, more affordable homes and the Supporting People programme of local services for care and support. But we also wholly agree with an observation by Mr Phil Woolas MP recently that third way organisations need to have, indeed are entitled to have in our view, longer term partnership orientated relationships with local government.

If it's appropriate for local government to contract with third way providers, ditto central government to local government.

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