



**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA  
THE TOWN HALL KENSINGTON W8 7NX**

Tel: 020 7361 2114 Fax: 020 7361 3105

e-mail: leader@rbkc.gov.uk

From: **Councillor Merrick Cockell**  
Leader of the Council

MC/bl  
19 September 2006

Sir Michael Lyons,  
Lyons Inquiry into Local Government,  
Room 3/12,  
1 Horse Guards Road,  
London SW1A 2HQ

Dear Sir Michael,

**Re: Interim Report of the Lyons Inquiry**

The Royal Borough welcomes the focus of the Inquiry's latest Interim paper on the role for local government in securing thriving communities.

The history of local government is studded with examples of councils taking the lead in practical initiatives that have transformed the lives of citizens, from drainage and clean water, social housing, town centres, or incubator business units for small local enterprises. Making these things happen, on a big or small scale, has required from central Government enabling legislation, access to finance and various degrees of Government subsidy. From local government it has required a keen awareness of the needs and priorities of local people, leadership and a will to delivery that has included a history of professionalisation and training investment in its staff.

These strengths need to be cherished, and taken forward into any new vision or system for local government. We therefore strongly support Sir Michael's emphasis on the role of 'place shaping' - taking responsibility for the well-being of an area and fostering its unique identity. A supportive environment needs to be developed and obstacles need to be cleared away.

**The key conditions for success**

The Inquiry paper argues powerfully for a much wider vision of the role of local government, based on its democratic legitimacy and its unique capacity to address and resolve the complex trade-offs between the priorities of residents as service users and taxpayers, and the differing interests of groups of residents. Our emphases are very similar to Sir Michael's:

- The special role of local councils and councillors in understanding their local residents well, through constituency and representative roles, through their consultation and feed back processes, through resident and tenant

involvement in testing, designing and delivering services. We are also developing much more systematic approaches to 'resident insight', profiling our 'customer' preferences in patterns of service use, as a basis for designing access to services.

- The role of councils in standing up for local interests, making sure local voices are heard and their concerns taken into account in decisions that are taken beyond their own boundaries – for example in the Royal Borough's concern to ensure location of a Job Centre Plus in the borough, as part of a push to help local people out of worklessness.
- A performance management system that is designed locally, around local priorities, rather than around the preoccupations of Government. Our system of Vital Signs, Vital Improvements and Vital Messages has to sit alongside the extra overhead of a full suite of national Best Value Performance Indicators – though we would use some of the same measures for ourselves.
- The role of councils in encouraging social capital, and networks of social cohesion fit for increasingly diverse and mobile communities. These underwrite an inclusive quality of life in good times and the resilience of the social fabric in times of crisis and tension.
- The role of councillors in addressing the differentiated economic needs of localities. Regional strategic statements will not deal with local experiences that can be about the problems and opportunities on individual estates. Some very big schemes are also very local, such as making high density social and market housing viable by generating commercial vibrancy at street level.
- "Postcode choice": Sir Michael's emphasis on the distinctive identity of localities is an enormously welcome counterweight to daily 'postcode lottery' press stories. It is not possible for everything to be at least as good as the average and it is certainly not affordable. Enormous spending pressures are fed into the system when the courts rule that resources are irrelevant in granting service entitlements and overrule local eligibility criteria. New rules are introduced in pursuit of public opinion, such as changes to car clamping, that increase costs without any supportive financial analysis or local impact assessment.
- We need to allow space for experimentation, differentiation and voluntary learning from others. We do not need national systems for enforced take-up of "innovations" and monolithic administrative systems. Good innovation spreads without national intervention.
- Scope and power to perform local government's role in orchestrating local effort, to combine funding sources and to set local improvement agendas. The Local Area Agreements (LAAs) are a step in the right direction, but they are still negotiated on terms dictated by Government rather than set by local priorities.
- An enabling funding regime : the Borough has recently published "21 projects for the 21<sup>st</sup> century" a prospectus of major investments projects –

including schools, premium open space, housing, streetscape – to ensure that we hand on a renewed legacy of environment, ambience and service to match our heritage from the past. Our Capital Strategy stresses the extent to which the Council's expenditure creates the conditions for larger scale investment in the Borough by business and residents. We have a long-term financial strategy to support this, of which prudential borrowing is one key element. But to pursue this we need to have the same confidence in the long-term consistency of the government's funding regime as our residents need to have in ours.

- Much greater clarity about the distinctive responsibilities of central and local government. We have previously proposed that councils should have full control over 'environmental, protective and cultural services' – the 'liveability' issues - and that government should state explicitly its list of key central priorities and baseline service requirements. We have in mind something short and clear enough to put in the Council Tax leaflet.
- Greater freedoms over locally based resources as part of a locally accountable decision on economic and social impact and trade-offs: return of the business rate, a tourist tax, and the ability to introduce local charges. Local action to expand the economic base of the area should not be taken into account in the equalisation system.

## Obstacles

- **Targetry.** This is a manifestation of a centralist view that local government exists to deliver national services, and therefore has to be subject to a national system of accountability. It goes far beyond the legitimate concern for improving individual failing services or a small number of failing councils. The Government should be reducing targets because it wants to row back from the concept of national performance management, not just as a gesture to reduce red tape in the name of greater efficiency.

In our previous comments to the Inquiry we gave examples of targets that result in an inefficient allocation of national resources – and in the case of the waste target, will be environmentally very damaging.

- *Performance measures that are really input measures, e.g. the ratio of older people in residential care*
- *Trivial process controls, such as detailed rules for consulting on housing stock options*
- *Targets that foster perverse behaviours. The most effective way for councils to meet waste disposal landfill targets through Landfill Allowance Trading is to take commercial waste out of the municipal waste stream, sending it through private operators, and turning our backs on its recycling or waste diversion.*
- *Incentives to pilot change that are over funded and hence no guide to later implementation (e.g. housing allowance)*
- *Driving universal adoption of solutions to ill defined problems, such as Customer Relationship Management (CRM) systems*
- *Seizing on national indicators that do not fit local context, e.g. empty homes in the Royal Borough as an indicator of weak housing management.*

The Government is examining ways to streamline and clarify the expectations it places on local public services and the outcomes that it wants local authorities and their partners to achieve. This is welcome, and long over-due. But it will be self-defeating if, alongside a smaller number of Government targets, the number of performance measures used in regulatory regimes such as the Comprehensive Performance Assessment continues to increase. Many of these have no direct connection to the quality of services that local people receive. Unless and until the Government gets a grip on the proliferation of such systems, efforts to convey a clearer sense of national priorities for local government will be in vain.

It is also clearly, and regrettably, the case that much senior management time is spent preparing for inspections and filling in self-assessments, only incidentally in the cause of self-improvement. Accountability to central Government is disproportionately demanding and distracting from the more important obligations of accountability to local people. Perversely, excellent councils are exposed to trying to satisfy inspectorate best practice guidance in greater detail – across all four columns of Key Lines of Enquiry – and with more diligence than weaker colleagues, because of the cumulative way the assessments are structured. These systems often engender damaging dependency behaviours – with self-defeating requests for guidance – as well as draining the energy from improvement agendas. They also do clearly compete for capacity to think creatively about the citizen-centred agenda.

For the regulators the fear of judicial review tends to drive out judgement in favour of banal literal mindedness, in order to protect against potential challenge.

- **Overlapping bureaucracy.** London already has regional government. Although there are lively debates about where the boundary should be drawn between the Mayor of London and the London Boroughs there is nevertheless recognition that strong Borough government over local communities is best complemented by pooling of powers in areas that transcend local boundaries. From an environmental point of view, Kensington and Chelsea can have its own waste collection policies attuned to the predominance of rented flats, high density living, health hazards of uncollected black bags – but it does not have its own air. However, because we have London-wide government we do not need a London Government Office. With the extension of powers for the Mayor announced in July it is time to take a hard look at the Government Office for London.
- **National funding straitjackets.** The theory of full equalisation of resources and, less often discussed, the national system of housing subsidy, all prevent councils participating in the additionality they create through their leadership actions. Business Improvement Districts (BIDs) and the Local Authority Business Growth Incentive (LABGI) are welcome relaxations of these restrictions but are too marginal and hard to forecast to be effective in changing behaviours and budgets. (Notably our three-year Local Public Service Agreement ended in March 2006 without the promised freedom to use parking income ever materialising).

## Conclusion

This Council has an internal discipline, not always successful, that we will not start strategic documents by explaining what we are required to do by Government. When we first responded to the Inquiry in 2005 we said that, *'the Royal Borough of Kensington and Chelsea believes in confident local government, giving purposeful local leadership. We want to be accountable for decisions about local services that are responsive and differentiated to local needs and characteristics'*. It remains our hope that the Lyons Inquiry can put forward proposals for a sustainable system of local government funding that will underpin this vision.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Lord Hall". The signature is written in a cursive style with a period at the end.