

MYCCI

The Chamber

LYONS INQUIRY INTO LOCAL GOVERNMENT FUNDING

INTRODUCTION

In addition to the existing remit on local government funding, Sir Michael Lyon's independent inquiry will also:

Consider the current and emerging strategic role of local government in the context of national and local priorities and the implications of this for accountability

MYCCI welcomes the widening of the remit of Sir Michael Lyon's inquiry. In its response to the original consultation on the inquiry into local government funding, *MYCCI* commented that it could not really be separated from the wider issue of the role of local government. In its present form, local government has now been operating for 110 years and yet there has been no radical review about its role *per se*. All that has happened is that over the years, some very small district and the odd county councils ceased to exist. Then there was the re-organisation of local government in 1974, with the creation of fewer and larger unitary authorities (and subsequent abolition of metropolitan county councils a few years later), but this was structural.

Background

Since World War 2, there has been a continuing and ever increasing proliferation of legislation enacted by Parliament. A large amount of this legislation requires implementation through local government, i.e. individual local authorities. The majority relate to services to be carried out to a national standard laid down by central government, which decides the allocation of funding to provide these services.

In the areas of education, social and now children's services, local authorities are for all intents and purposes, acting as agents of central government. The public generally, are not concerned with the niceties of the relationship between central and local government, but they are concerned about the quality of the services and of course, the costs if they are council tax payers. It has to be borne in mind, that a large number of residents in each local authority area enjoy the services, when they are not paying council tax. However, in spite of the requirement of national standards and a Formula Spending Share provision, in practice, there are quite large differences in the actual level of performance of individual local authorities.

The excuse invariably presented by a local council is that central government has not provided it a fair share of funding (a 'bad settlement'). Nothing is said for example, about why one local education authority has good relations with school governors and teachers and a neighbouring one has poor relations - which is nothing to do with costs, but very much to attitudes and ways of working. It is significant that Government has lost patience and decided that the majority of the education funded should be passed by LEAs straight on to schools. Even then, there have been quite large variations in respect of the amounts each LEA passed on and how much they retained for central services.

There are now the proposals to make schools even more independent. This will represent a major change, bearing in mind that education has been by far the largest function of local authorities which are LEAs, in terms of expenditure and resources generally. A metropolitan authority, which for all intents and purposes, is no longer

an LEA, will be very different in raison d'être (reduced to delivery of adult education service, schools admission policy (parameters pretty well set by central government), excluded pupils, co-ordinating transport of pupils to school and advisory and catering services (many schools are now choosing their own providers rather than using their LEAs).

Housing has been a major function of even the smallest urban and rural district councils since the structure of local government was established over a century ago (until 1974), but performance has not been uniformly good. It is significant that that the Government encouraged, through the funding system, the transfer of local authority housing stock to 'arms length' housing associations/trusts. While local councillors are on their boards, there is no local authority direct delivery e.g. allocations and repairs, while architect and building services are gone or are on a much reduced basis.

With regard to social services, there have been weaknesses, with failures regularly attracting media attention. The best progress has been made where there is a good working relationship with local Primary Healthcare Trusts and Health Authority. There are now much fewer council care homes, but there is scope for more progress under 'Best Value', e.g. use of Age Concern etc. There is now the additional responsibility for the Children's Service and it remains to be seen how much use local authorities make of the expertise that has been built up by the private sector in this area.

Under 'Best Value', various services have been contracted out, in particular refuse collection and also some highway maintenance functions and other services including legal and plans design work etc.

Policy and Representation Department

MYCCI

Commerce House

Aspley

Huddersfield

HD5 9AA

Tel: 01484 438800

Fax: 01484 514199

email: info@mycci.co.uk

www.mycci.co.uk

The Mid Yorkshire Chamber of Commerce and Industry Ltd.