

Central, nervous system

Can localism help Gordon relax?

Sir Simon Milton's inaugural speech
as Chairman of the Local Government Association
12th September, 2007



 LOCALIS

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Foreword

by Roger Gough

It is a great honour that Sir Simon Milton chose to give his first major address as Chairman of the Local Government Association at Localis.

Since taking on the leadership of Westminster City Council in 2000, Simon has not only delivered excellent performance but has also established a reputation for clear and innovative thinking. This makes him an ideal spokesman for local government at a critical time.

The centre's thirty years' war on local government might just be over. 'Localism' is hugely fashionable across the political spectrum. What is less clear is what this means in practice. The uncertainty is all too evident from recent government documents such as the sub-national review on economic development and regeneration. There are warm words about the key role of local government in economic development, the possibility of some devolution of functions and attempts to give local government some benefit from economic growth. Yet planning and housing powers are to be transferred to unelected regional development agencies, whose future relationship to elected local authorities is utterly unclear. And, running through the entire document is the view of local authorities as the agents – even if somewhat more empowered agents – of the centre.

Amid these ambiguous conditions, Simon's speech offers precise thinking and a clear direction.

He makes three vital points. The first is that, if localism is to have any meaning, local government needs some sort of constitutional protection. It is hard to think of another advanced democracy in which central government could consistently play God and guinea pig with the structure and functions of



Roger Gough is Research Director of Localis.

local authorities in the way that it has in Britain since the sixties, nor one with such a top-down performance management regime. Simon sets out a variety of ideas for making the relationship more equal, and urges that councils' constitutional position be entrenched through a constitutional convention ratified by Parliament.

Secondly, tackling the financial issue remains a test of seriousness about localism – and one which both main political parties are failing. However, with demographics pushing social care costs ever higher, and council tax remaining local government's only (blunt) funding instrument, we will, as Simon warns, “drift inexorably towards another council tax crisis.”

Thirdly, politics on a human scale. If we are serious about – to use Simon's phrase – ‘re-energising democracy’, then much of this must take place at the local level, where the citizen most frequently comes into contact with the state. The mechanisms of direct and participatory democracy, which are given some weight in the Green Paper *The Governance of Britain*, are certainly fashionable and may well be part of the solution to re-engaging citizens with politics. But neither this, nor the delivery of effective results from our massive public spending, can take place without effective local democracy and local authorities.

This is an exciting time at which to debate the future of local government in this country. Localis is delighted to contribute to that debate, and to publish this distinguished contribution to it.

Introduction

Good afternoon,

I'd like to thank the Policy Exchange and Localis for inviting me to speak this afternoon, and congratulate Anthony on his first six months as Director. Policy Exchange continues to thrive as one of the most dynamic and talked about think tanks in the country.

I certainly feel that I am amongst friends. Policy Exchange and Localis have been in the forefront of the debate about localism since the beginning. And given the almost complete agreement between the parties now that we have reached the limits of what can be achieved through centralism and that the solutions to some of society's greatest challenges will be found locally, your efforts have not been in vain.

Even the Prime Minister, not previously known for his devolutionary instincts has started using localist language. Just last week, Gordon Brown promised a renewed focus on "devolution of powers and responsibilities to local government" and accountability of our local police and health services to their communities.¹ I am greatly encouraged by this, given his centralising record at the Treasury.

The truth is, the success of the government's domestic agenda is in the hands of local councils. And councils embrace the government's commitment to devolution because we recognise as no one else can that local decision-making and local innovation are vital to making things better for citizens and restoring trust in public services.



Sir Simon Milton has been Leader of Westminster City Council since 2000, having been elected to the Council in 1988 to represent Lancaster Gate Ward. Simon is Chairman of the Local Government Association.

On housing, gang culture, health and prosperity, give us the freedom and powers we need to deliver powerful local solutions, and we will show you strong, innovative councils working with their residents and local businesses to improve services and reignite our democracy.

¹ Gordon Brown's address to NCVO, 7th September 2007. Full text of this speech can be found at <http://www.number-10.gov.uk/output/Page13008.asp> (17/10/2007)

On housing, gang culture, health and prosperity, give us the freedom and powers we need to deliver powerful local solutions, and we will show you strong, innovative councils working with their residents and local businesses to improve services and reignite our democracy.

For in all of our public services, direction from the centre, however well funded, has produced limited results.

Massive central spending is subject to the law of diminishing returns. Initially, the money boosts investment in public services and stimulates the economy; school and hospitals are built,

unemployment and benefits fall, and those just below the poverty line can rise above it.

But - though Whitehall can increase police officers and prison numbers by thousands, it doesn't necessarily make people feel any safer on the streets, and nor does it tackle

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the endemic problem of drugs.

They can increase numbers of doctors, nurses and of beds, but for the vast majority of the population, that doesn't help them prevent illness or tackle unhealthy lifestyles that cause those illnesses.

They can increase teacher numbers and reduce class sizes, but that doesn't necessarily raise the ambition of the poorest children to reach their potential or stimulate greater parental push.

None of these problems can be solved by central diktat: they are issues on a human scale. They need treatment, advice or mentoring, and a fundamental understanding of the context they exist within to treat the causes of these problems, not their symptoms.

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They have a better understanding than any other part of government of the specific needs in a local area, and how to get local people involved.

But there are still many barriers to achieving real government at the local level, including the amount of inspection we receive, the narrow limits on our remit and the way we are funded. Barriers that lower the standing and relevance of local government in the eyes of the public at large; that depress electoral turnout and that hinder the development of self-confident and socially responsible communities.

Local democracy in a new constitutional settlement

Where we can improve public services by involving local people and tackling specific local needs, I also believe we can begin a new movement to reinvigorate our democracy. This is at the centre of the Prime Minister's call for a new constitutional settlement and a new politics.

So I welcome the Prime Minister's commitment to a new central-local concordat. But I need to make it clear that the government's commitment to improve relations between the centre and local councils implies that such a concordat must be part of a process of change – not a one-off photo opportunity. It will need to go beyond unexceptional commitments to partnership and a description of the status quo. I look to a new concordat to embody real progress towards the 'more mature' relationship envisaged in last year's White Paper.

But a Concordat is only one part of the story if we are on course for a new constitutional settlement that involves local government.

Our constitution – written or unwritten - is our society's definitive statement of the relationship between people and political processes.

Our vision is democratic. Political structures exist in order to make real the insight that the nation is a community. Owning in common its collective assets and mandating collective effort through the organs of the state to achieve justice and equity.

It follows from this that the constitution is not simply about roles and responsibilities among the central bodies of the state. Implicitly or explicitly, it gives an account of how individuals, families and communities relate to the totality of collective action.

So local government is at the heart of the constitutional settlement. Local councils are the forum where communities decide their collective future; through which they own important everyday community assets and arrange the provision of vital common services; through which they agree crucial questions about property; through which they take major decisions about economic redistribution. Taking part effectively in these debates is central to the ability of people to influence the collective action that shapes their daily lives. If the broad national challenge is to restore vitality and trust to our democracy, local government is central to it.

To start with, I want to see a new understanding of the relationship between councils and Parliament. Electors do not think their votes are worth less in different elections. They do not take a list of the respective powers and responsibilities of national and local government into the ballot box with them. We need to build a bridge at the national level between the way MPs and councillors each legitimately represent the interests of their local areas.

House of Lords reform gives us a perfect opportunity to put this principle into action. The government and MPs have spent years wrestling with the problem that a directly-elected House of Lords could challenge the Commons with a rival mandate; or, worse, that the use of PR and party lists could make a reformed upper chamber into a showcase for the insider-dom-

inated political jobbery that voters actually want to see less of. A reformed Lords needs to have a different, not a rival, mandate. It needs to bring insights that add to what the primacy of the Commons can provide. One very powerful way of addressing those concerns is to make a place for local government in a reformed Upper House

There is nothing radical here. This is the way other successful, decentralising democratic constitutions work. In Germany and the Netherlands, for example, the whole Upper House of Parliament is made up of the representatives of the lower tiers of government. In Belgium and Spain, a proportion of the senate is indirectly elected by sub-national tiers of government.

So, as the government refines its thoughts on Lords reform, why should it not propose assigning 10% of seats in a new

Upper Chamber to indirectly elected representatives of local government, possibly Council Leaders?

They would bring expertise. They are, after all, elected, directly responsible for delivering many services. Their insight would make unimplementable, burdensome legislation less likely.

They would bring a local voice informed by the actual responsibility of local leadership. They would be more likely to speak for places and communities than parties (indeed, in the German example, each Land's representatives must vote together as the voice of their place whatever their political party).

And they might start to break down the thirty-year long rivalry between Parliament and local councils that has made it too easy for successive governments to build an ever-more centralised state.

So, as the government refines its thoughts on Lords reform, why should it not propose assigning 10% of seats in a new Upper Chamber to indirectly elected representatives of local government, possibly Council Leaders?

We could apply the same principles to the new regional select committees that are to be created. If these committees are to hold unelected regional government to account, doesn't it make sense for them to include – through cooption or some other means – both elected council leaders from each region, as well as the region's MPs?

From the other perspective, we need to integrate MPs more closely into what local government does. Some councils already involve their MP in, for example, their Local Strategic Partnership, where elected politicians with both kinds of mandate can join together with other partners to develop a vision for their areas. Should councils go further, and systematically co-opt their MP as a member of the

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council? We are all too familiar with councils and MPs trading blows in the local paper over difficult decisions; wouldn't democracy be healthier if they replaced that public rhetoric with genuine debate inside a decision-making process?

In parallel, there are a number of other possible constitutional reforms that could make the relationship between central and local government healthier.

European legislation is subject to special Parliamentary scrutiny arrangements. So are proposals for deregulation, which are looked at by a powerful Committee. Would it not make sense for proposed new laws which councils would have to implement, and council tax payers would have to finance, to also be subject to special pre-scrutiny that looks realistically at what they would cost, and what implementing them would involve? Such an arrangement would surely have spared us the fiasco of the 2003 Licensing Act, which has cost council tax payers £100 million that the government didn't forecast.

And why is central government's value for money scrutinised by a National Audit Office accountable to Parliament, while councils are inspected by an Audit Commission whose members and whose ground rules are chosen by Ministers? Wouldn't there be more independence – and better value for money – if a single body, answering to Parliament, did the job for all tiers of government?

Similarly, there has grown up a large and complex system for regulating the ethical conduct of councillors through the Standards Board for England with serious sanctions and penalties for those who breach statutory codes of conduct. During the same period, MPs conduct has remained the subject of scrutiny by Parliament itself. Is there not a case for aligning the standards regime for all democratically elected figures, regardless of the tier of government they represent?

Finally, why is the timetable for local government elections so complicated? Councillors are tired of the argument that this leads to: that different turnout figures somehow affect the reality of the local mandate. There will be a wide range of views within local government about this so we are far from consensus and I readily recognise that our electoral process is the product of history and tradition. But since we are in the business of floating ideas, it make sense to gradually move to a timing for local elections which was linked to those of national elections, but systematically different – say every four years, in between the four-yearly cycle of general elections.

This would have two effects. Firstly, it would raise the profile of local elections. Secondly, it would offer voters the chance to express themselves in the kind of mid-term elections that are a valuable part of many other systems. This might work particularly well in combination with putting a local government component in a reformed House of Lords.

Centrifugal force – pushing out from the centre

Simon Jenkins has argued that there were two, apparently contradictory revolutions in the 1980s. The first triggered a revival in market economics through privatisation and union reform. The second involved a huge strengthening of central government deemed necessary to achieve the first revolution.

Yet no successive government sought to reverse this centralism, in part, because whether you have a tiny majority like Major, or a landslide like Blair, giving power away seems absurd.

And yet it is the consequences of that centralism that demonstrate the real absurdity.

How about Birmingham, our second city, where plans to rebuild New Street Station, the city's main transport hub, are subject to three separate Whitehall approval processes. Can you imagine that happening in Los Angeles, Marseilles or Frankfurt?

Nottingham built a first-rate tram line, but in the time it took to get central permission to do so, its twin town in Germany had built fourteen.

We argue that this is ultimately a symptom of the dependency culture that has grown as a result of the thousand or more performance indicators and targets councils

are subject to, along with the small rainforest of guidance we receive each year.

We reckon this costs the economy £2.5 billion a year. For the same money we could buy 33,000 teachers, 14,000 police officers and 37,000 nursing beds for the elderly.

And, of course, there is council tax. Yes, it's a local tax –

A recent study by the Taxpayers Alliance suggests that council tax is the least popular of all taxes. The political parties ignore such research at their peril.

insofar as councils collect it and take the responsibility. But after years of capping, a complicated redistributive grant system, and much central prescription about how it can be spent, the real local discretion councils have about council tax is extremely limited.

Whether our funding is ring-fenced, or distributed in specific grants and bids, we must rely on a tax that citizens view as being entirely within our control, but for which we have discretion over a just few percentage points. A recent study by the Taxpayers Alliance suggests that council tax is the least popular of all taxes. The political parties ignore such research at their peril. It is inevitable that continued stalemate on reform will mean that we drift inexorably towards another council tax crisis.

So, there is little point talking about devolution unless we are prepared to tackle local government finance.

Localism is the solution which links the twin aims of improving public services and re-energising democracy.

Despite welcome support from the government, and from the Conservatives and Liberal Democrats for localism, I believe local councils will only be free when we can guarantee the rights of local councils, and the democratic mandate of councillors, in a constitutional convention.

This should be agreed with the whole Cabinet, to ensure all government departments recognise the local sovereignty of councils, and should be agreed on all sides of Parliament, giving us the extra certainty we need that, try as they might, safeguards are in place to resist Whitehall clawing back powers in the future.

Conclusion – a challenge to you

Thank you for allowing me to set out my agenda. I believe that local government can be a force for a new innovative and collaborative style of government.

One of the reasons why America is such a dynamic country is that individual states seek their own solutions to key social issues.

Many of these efforts may fall by the wayside, but because there are up to 50 different experiments taking place, the chance of one succeeding are high. And where one state has success, the others follow.

So, this is my challenge to you, the policy community.

I am keen that councils, and groups of councils, should be working together to try out new ideas.

I hope that, increasingly, you and your colleagues can look towards councils as your partners in policy development, and

the more freedoms and powers we get, the sooner we can see changes on the ground.

Of course, getting a central department to look at your ideas and proposals is thrilling, but if I can leave you with anything today, it's this - why not work with us, and try it out with a council?

You can see the impact on real communities with real needs, you can encourage a healthy, collaborative democracy, and if nothing else, I am positive it will be quicker.

And if it works, then we can try it out on the other poor cousins, all six hundred of them.

Thank you again for your time, and good afternoon.

I hope that, increasingly, you and your colleagues can look towards councils as your partners in policy development, and the more freedoms and powers we get, the sooner we can see changes on the ground.

About Localis

In a market filled with local government research initiatives, we believe that Localis makes a distinctive offering.

Localis offers a fresh and distinctive approach based on close links with Policy Exchange, Prospect's think tank of the year 2006-7. Localis aims to influence policy makers and thinkers outside the local government village in clear, jargon-free language.

We are at a crossroads in considering how we govern ourselves. Debate has moved on: across all political parties it is recognised that the centralising trend of the past three decades has not delivered. In theory at least, we are all localists now. From here our priorities are to ensure that:

- government and government departments really let go;
- the emerging regime of inspection and targets does make local government more answerable to residents, not to central government;
- the current, unsustainable finance system is overhauled,
- 'Double devolution' really occurs – both of services to local governments and individuals and of enhanced community participation.

We need to move away from old-fashioned ideas of governance based on single coherent, geographically based communities. We need to look afresh at how best to ensure that communities – of whatever sort – are well served.

These questions are not party political. Localis is concerned to support the development of effective local governance as a whole.

This is a critical time for local government, with signs that the centralising trend of the last three decades is being reappraised. Politicians of all major parties proclaim themselves 'localists'. Yet it remains to be seen how far national politicians are truly prepared to let go.

In his first major address as Chairman of the Local Government Association, Sir Simon Milton sets out the key changes that are needed to achieve 'real government at the local level': in constitutional arrangements, in finance and in local political engagement. This is a speech that defines the challenges and opportunities for today's localists.

Localis is an independent research organisation set up to develop new ideas for local governments and those who engage with them. It organises seminars and commissions research relating to all aspects of local government.



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