

LGA Briefing on *Strengthening local democracy* consultation paper

22 July 2009

Strengthening local democracy: consultation

Background

The department for Communities and Local Government has published a consultation paper, *Strengthening local democracy: consultation*. This follows the government paper, *Building Britain's Future*, published in June 2009. The paper develops the discussion on this, setting out a range of questions for consultation, with responses required by 2 October 2009.

LGA key messages

LGA believes the Government could have been bolder. In our view these proposals are not 'the biggest transfer of power to elected councillors for a generation'. It is hard to identify any proposals for genuine transfer of powers or new opportunities to respond to the views of local citizens.

The paper does make some progress in areas where the LGA has already published substantial proposals for change. We welcome:

- the recognition of the need to create better parliamentary engagement with central/local relations, through a joint parliamentary committee, and the need to ensure the British government delivers on its commitments under the European Charter of Local Self Government
- the focus on the importance of local action on climate change, and increased scope to act locally on this
- the proposal to give greater powers to scrutinise public bodies and public spending, but not as a substitute for real decentralisation of control over services and budgets.

However, in our *Manifesto for a New Politics* and elsewhere, we have set out proposals for genuine decentralisation and empowerment of local people. In particular we are concerned about:

- the lack of proposals for any new devolution of powers, whereas we advocate a general duty to devolve, including examination of the effectiveness of current spending by QUANGOs
- the proposals for sub-regional arrangements, which provide no clear and specific devolution of powers, for example on housing and planning, employment and skills, economic growth and transport, to strengthen local economies particularly important in a time of recession
- the weak approach taken to the flaws in the power of well-being, where both we and the CLG Select Committee have advocated a new power of general competence.

The LGA will be publishing further analysis and are encouraging councils to respond to the government's consultation.

briefing

Further information on the consultation paper:

Local government at the centre of decision-making

This chapter sets out proposals for new scrutiny powers for councils. These would provide powers for scrutiny of a wider range of public services than at present, extending beyond the scrutiny of specific targets in Local Area Agreements, and with a likely duty on those bodies to take part in scrutiny meetings. A list of organisations to which scrutiny could be extended is given, including utilities and public transport. This is linked to the analysis of public spending which was piloted in the *Counting Cumbria* project and which is being taken forward by the Total Place pilots. The paper proposes a power to scrutinise this spending, which would not give councils any leverage over spending other than to express views through scrutiny reports.

The current Local Democracy, Economic Development and Construction Bill creates a requirement for councils to have a statutory scrutiny officer; the paper discusses whether there could be additional requirements for support.

LGA view: *We support the extension of scrutiny powers, which we have advocated for some time. However, the proposed power to scrutinise public spending in the area is in no way a radical decentralisation of control over services and budgets; it is a power for councillors to question and comment, but not to change the allocation of public spending.*

The analysis of public spending pioneered by 'Counting Cumbria' was an LGA Group initiative. We would expect the further development of this work to lead to real devolution of powers; it highlights the large percentage of public spending not under local democratic control, and the need for further real devolution to enable councils to respond to local needs and views.

Strong local government operating the local interest

This chapter discusses the powers of local government and the emphasis set out in *Building Britain's Future* of defining individual service entitlements. It raises the possibility that the development of service entitlements might provide a context to reduce the number of central government targets, for example in Local Area Agreements.

It discusses the power of well-being (Local Government Act 2000) and specifically the restrictions on the use of this power which have been highlighted by the recent LAML court case on the joint action by London boroughs to provide insurance in partnership, which has ruled that making more efficient use of public money was not within the scope of this power. It proposes a specific power to enable councils to engage in mutual insurance arrangements. The paper also discusses partnership working and raises the question whether there should be a rationalisation of the partnerships which are required.

LGA view: *CLG's proposals in response to the LAML case on the scope of the power of well-being are quite unsatisfactory. Specific legislation on mutual insurance would do nothing to tackle the wider limitations of the existing well-being power which the case has highlighted. LGA and the CLG Select Committee have called for a power of general competence for local government which would genuinely support innovation and response to local wishes. We will be publishing further proposals on this.*

Clarifying specific public entitlements to public services is good management practice which councils have been developing and promoting, through service charters and

other means, for many years. We welcome this approach, and the new opportunities to develop it using information technologies. However, the need to reduce the expensive and inflexible apparatus of central target setting and reporting should not be tied to the creation of new central requirements and specifications. In an increasingly difficult climate for public spending, the central apparatus should be reduced to free up resources to invest on local priorities.

Local authorities tackling climate change

The paper discusses the role of councils in tackling climate change. It recognises that 97% of Local Area Agreements include climate change targets, just one illustration of the commitment of councils to this issue. It asks how the local role can be taken further, and sets out proposals on carbon budgets.

LGA view: *The LGA is pleased that the government continues to acknowledge the positive role local government and its partners are taking in addressing climate change. The LGA's central proposition is that councils (individually and working together) with local partners should lead carbon reduction locally, and should have more control over the key decisions about how public resources, including energy supplier obligations, are deployed locally to reduce carbon emissions. We therefore welcome discussions on the role that local authorities can play in meeting national carbon budgets, how this could work at a local level and possible new powers and flexibilities.*

We are calling on government to bring together many schemes for energy saving into a single central fund. This would enable systematic locally based energy saving schemes which would make installation cheaper and engage people in neighbourhood energy saving schemes. More details on our proposal are included in our recently launched publication 'Kyoto to Kettering, Copenhagen to Croydon: local government's manifesto for building low carbon communities'.

Sub-regional working

The paper discusses recent developments on Multi-Area Agreements and sub-regional working, reviewing the measures already contained in the Local Democracy, Economic Development and Construction Bill. It puts forward options on the accountability of sub-regional arrangements, such as scrutiny and a duty to respond to petitions. It sets out options for stronger sub-regional democracy, such as elected bodies or mayors, but without advocating them. It makes no proposals for powers to be devolved to sub-regional bodies.

LGA view: *We have welcomed the development of MAAs and other sub-regional partnerships on the basis that they should be developed 'from the bottom up' by local partners themselves, to reflect local priorities and be given a real devolution of powers and funding from the national and regional level. We remain concerned that so far, the pace of real devolution from central government and its agencies matches neither the government's rhetoric nor the ambitions of sub regional and city regional partnerships for a real say over housing and planning, employment and skills, economic growth and transport in our towns, cities and shires.*

This paper focuses on increasing the central controls and legislative burdens on these emerging partnerships and says nothing about what powers and funding they will be given. It raises the issue of how they can be made more accountable for the exercise of powers that they do not yet have. It continues the government's tendency to get local councils to jump over a series of ever more complex hurdles to win devolution, while moving the finishing line further into the distance.

We are clear that as one of the two layers of government directly accountable to the

voters, partnerships of local authorities have far more direct accountability than the plethora of national and regional QUANGOs that currently make decisions that affect local people. Sub regional partnerships gain their democratic accountability through the direct election of the councils that make them up.

Clear relationships with local government

This section discusses the mechanisms by which central/local relations are managed, covering many of the issues raised in the past by the LGA and by the recent Select Committee report on central local relations. In the context of the government's current interest in constitutional reform, for example via the Constitutional Reform Bill published yesterday, and a possible written constitution, this is important. The paper refers to the government's ratification of the European Charter on Local Self Government, in 1998. The paper advocates an ombudsman style arrangement which could adjudicate on central local relations. It also endorses the proposal for a joint Select Committee of both Houses of Parliament, to have oversight of central local relations.

LGA view: *We welcome the further development of this debate, and in particular the proposal for a joint parliamentary select committee. The LGA would support this; our publication 'One country, two systems' makes a range of proposals to link parliament and councils more effectively, as one element of a strengthened constitutional position for local government.*

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