

**BABERGH DISTRICT COUNCIL**

**FROM: Corporate Support Manager**

**REPORT NUMBER    **E292****

**TO:     STRATEGY COMMITTEE**

**DATE OF MEETING    9 March 2006.**

**RESPONSE TO THE LYONS INQUIRY CONSULTATION PAPER**

1.    **SUMMARY**

- 1.1    Sir Michael Lyons is undertaking an inquiry to consider the case for changes to the present system of local government funding.
- 1.2    A consultation paper has been published to develop a clearer picture of the future role and function of local government to inform the Inquiry's work on the local government funding system. The paper sets out a number of questions that Sir Michael would like responses to and the Committee is asked to approve the response prepared for this Council at Appendix 1.

2.    **RECOMMENDATIONS**

- 2.1    That the Council's response (Appendix 1) to the Lyons Inquiry Consultation Paper is approved for submission to the Inquiry by the due date of 13 March 2006.

The Committee is able to resolve this matter.

3.    **FINANCIAL IMPLICATIONS**

- 3.1    None.

4.    **KEY INFORMATION**

- 4.1    The full consultation paper can be accessed through **[www.lyonsinquiry.org.uk](http://www.lyonsinquiry.org.uk)**, or a copy can be obtained from the Corporate Support Manager.

- 4.2    The consultation paper asks respondents:

- To consider the current and emerging strategic role of local government in the context of national and local priorities for local services; and the implications of this for accountability;
- To review how the Government's agenda for devolution and decentralisation, together with changes in decision making and funding, could improve local services, their responsiveness to users and efficiency;
- In the light of the above, to consider: how improved accountability, clearer central-local relationships, or other interventions could help to manage pressures on local services; and changes to the funding system which will support improved local services.

- 4.3 To assist this process the key questions have been set out below, preceded by the main comments made in the consultation paper.

#### The Strategic Role of Local Government

- Government has introduced a programme of reforms to local government, to build stronger local accountability and engagement, promote community leadership, and deliver efficient and effective service delivery.
- Local government works with other organisations and partnerships (LSPs etc) to deliver services and improve local communities - “local governance” rather than “local government”.
- Each community has a different set of preferences about services and, given the choice, will make trade-offs between the accessibility, quality and cost of those services. Local councillors, accountable to residents, have a role to play here.
- The strategic role of local government might be termed “place-shaping”.

- 1. What is the strategic role of local government?**
- 2. What needs to be done to allow councils to perform this role more effectively?**
- 3. How important is the fact that local government is elected in relation to its ability and legitimacy to perform this role?**

#### Devolution and Decentralisation

- The Government has made improving public services a key priority and has sought to deal with unacceptable local variations in service quality and accessibility by using central control, direction and pressure to secure improvements.
- Local government should be better placed than central government to understand and meet local preferences. However if it is unable to direct resources towards the services which are most important within its locality, it is difficult for it to respond to local priorities, and unfair for it to be held accountable by local people for choices on spending.
- There are concerns about the political and administrative abilities of local authorities to deliver public services efficiently, and to act as an effective means of making collective local choices. Complexity and a lack of clarity about responsibilities have been identified as a problem with the current system, and the Government plans to release a white paper on structural reorganisation of councils later this year.
- Devolution allows local communities to exercise choice about their priorities and their local services, and to hold those responsible to account. The Government has recognised the role of parish and town councils, and has engaged in the wider debate on neighbourhood level governance.
- New policies, such as Local Area Agreements, continue to emphasise the importance of local knowledge and flexibility in delivering public service outcomes and providing leadership.
- For some services it may not be appropriate for local government to play the major role in deciding the appropriate level of performance.
- The current level of central control can reduce the scope for local choice and flexibility. In some areas this has been an explicit government intention, for example Public Service Agreement targets.

- 4. Which services require national standards?**
- 5. How has the Government’s approach to devolution and decentralisation affected your area and your local services?**

## Funding

- There is weak public understanding of how local government is funded, and also some confusion over its responsibilities.
- England has a relatively centralised system of government in which both funding and policy are highly controlled by decisions made at the centre.
- There is an ongoing debate between local and central government about the level of funding available for delivering local services and how it compares with public expectations of local services, and new responsibilities which central government asks local government to take on.

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

- 4.4 The Inquiry would also like to explore whether a framework for greater clarity about which services are central priorities and which are areas for local discretion could help to deliver more responsive, effective and efficient local services, and help to manage pressures.

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

## 5. APPENDIX

Appendix 1 – Response to the Lyons Inquiry Consultation Paper

## 6. BACKGROUND PAPERS

The Lyons Inquiry Consultation Paper

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## **Babergh District Council's Response to the Lyons Inquiry Consultation Paper**

### **INTRODUCTION**

Babergh District Council welcomes the opportunity to respond to your consultation paper following the decision to extend your remit to include local government role and functions.

You start from the premise that funding reform should be based on a clear understanding of the changing expectations and responsibilities of local government, adding that the public must be able to understand the system of funding and proposed reforms in the context of what local government does. This task must include consideration of the weak public understanding of local government finance arrangements, and this Council has already responded to you that it believes that this can be improved through a greater proportion of funding being raised locally through a mixture of funding sources including council tax, business rates and local income tax.

### **THE STRATEGIC ROLE OF LOCAL GOVERNMENT**

#### 1. What is the strategic role of local government?

The consultation paper acknowledges the role of local government in acting on the aspirations of local communities, being locally accountable, and promoting the well-being of their areas, but puts too much emphasis on strategic service provision. We believe that more emphasis needs to be given to the community leadership role where local government, through local strategic partnerships, Local Area Agreements etc, is able to address both service delivery and strategic issues through the governance network.

#### 2. What needs to be done to allow councils to perform this role more effectively?

In order to allow councils to perform this role more effectively it is necessary to consider whether authorities have sufficient capacity and the capabilities to address these challenges, and to consider what needs to be done to address any deficiencies. Consideration needs to be given to whether councils have the necessary officer and Member skills, financial resources and access to funding (both local and national), the legal powers and authority, and freedoms and flexibilities from central government to achieve what its communities require.

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

Changes in local government and local governance, where the emphasis is on the resolution of local issues through local strategic partnerships and Local Area Agreements etc, have significant implications for local accountability. These changes have increased complexity and created potential confusion about where responsibility for any particular service lies, and have affected the role of local elected Members. However, although more complex, the Member's role has the potential to bring greater accountability as they have the main responsibility for community leadership.

Elected Members have a crucial role to play in ensuring that local preferences are canvassed and understood, and that accountability measures exist to engage local people both as citizens and users of services. Local and central government must work together to provide greater clarity on how this works and the benefits that can and do accrue, and ensure Members have the necessary capacity and capabilities, especially with regard to integrating representative and participative democracy, and community engagement.

## DEVOLUTION AND DECENTRALISATION

### 4. Which services require national standards?

The Council welcomes your observation that giving more power and choice about local services to local government could lead to better local services, and agree that this will depend upon the ability of authorities to design services to meet local preferences, and involve real accountability to local people.

The Council recognises the importance of national standards both in avoiding variability in areas where the public expect to receive equal access to provision, such as in health and education, and in tackling under provision arising from deprivation. These standards should be outcome based, and allow for local discretion in how they are achieved. Realism is needed in considering how both national standards and local priorities can be addressed in a local context, which is best understood by the local authority. This can be tackled through a framework of responsibility and decision-making, which is considered in more detail later in this response.

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

This council plays an active role in the Suffolk Local Area Agreement, and as well as the Suffolk Strategic Partnership, forms part of two district-level local strategic partnerships. We work closely with sub-regional, regional and other local partnership arrangements to identify what is required in the area, and how best this can be achieved. There has also been significant investment in community engagement, which has helped to inform the council's priorities, and the actions are required to achieve these.

The local strategic partnerships have clear community strategies and priorities, and have devised themes and specific projects for joint action. However an evaluation of the benefits that the partnerships are 'adding' will be carried out, and the Local Area Agreement needs to be treated in a similar fashion. These evaluations also need to include an assessment of whether central government is becoming better at stepping back from direct management and control, and allowing public bodies to focus on local outcomes, albeit based on nationally identified goals and targets.

The Government is seeking devolution to neighbourhoods. We believe that much more needs to be done to work out the implications of devolution and the appropriate level for decisions, and to develop models of devolution. There needs to be more detail on how this devolution will work and how neighbourhoods will be empowered. Most importantly, consideration needs to be given to ensuring that a national neighbourhoods framework does not fragment service delivery and increase costs. There is also the issue of public apathy to contend with.

## FUNDING

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

The need for authorities to have the necessary powers, resources, skills and real discretion in order to fulfil a strategic role cannot be over-emphasised. In recent years, local government has experienced central government requiring more of it, but not always passing on the resources to fulfil these obligations, either in providing services itself, or in obtaining the co-operation of others.

Devolution has the potential to play a role in managing pressures on local services, but as stated above, much more detail is required before a firm view on this can be reached.

A greater public understanding of local government funding may go some way to reducing confusion over responsibilities, and help to manage expectation and pressures. This must include a clear understanding of the changing expectations and responsibilities of local government.

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

We believe that if local authorities do not have the authority, power and capacity to achieve the outcomes expected of them by the public and by central government, the concept of a 'strategic role' will over time be demonstrated as having no substance or sustainability, and this will lead to a continuing centralising trend. Refinement of the performance management framework and standard setting will have some effect, but not of itself address the fundamental issues challenging both central and local government at the present time.

There needs to be a commitment to allowing local authorities and their partnerships to provide the services required by local communities, to facilitating the community leadership role, and to communicating responsibilities very clearly to local stakeholders.

The adaption of the framework of responsibility and decision-making can go some way to achieving this, and this adaption needs to be considered before tackling standards for individual service areas. Local government is best placed to understand what its communities require and how this can be achieved, and this must be given priority in any amendment to the framework. Realism is needed in considering how both national standards and local priorities can be addressed in a local context.