

Local Government Information Unit

News release

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A vision in need of co-ordination

Local democracy think tank the Local Government Information Unit (LGIU) has welcomed today's launch by the Office of the Deputy Prime Minister (ODPM) of its consultation document *The future of local government*, but warned that the initiative must be co-ordinated with existing reviews into local government issues.

The Government's latest consultation aims to "develop a picture of what local government across England should look like in ten years' time". It follows the publication last week of the LGIU's *Charter for a New Era in Local Governance*, which contained proposals to strengthen local democracy and the role of councillors in a new settlement between central and local government.

Dennis Reed, LGIU Chief Executive, said: "This ODPM consultation starts from the encouraging premise of wanting to build on local government's strengths of local knowledge, the ability to join up local public services and democratic legitimacy. The LGIU will certainly be engaging with this consultation as it raises many issues on which we have constructive ideas, and which were brought together in *The Charter for a New Era in Local Governance*.

"We hope the reviews going on around local government issues will achieve an element of co-ordination if the clear long-term vision that is aimed for is to be realised. For example, if this latest ODPM consultation ends up supporting stronger local government, but the existing local government *Balance of Funding Review* had, after more than 18 months of deliberation, already produced conclusions that are inconsistent with this, such as leaving the business rate nationalised, this whole review process may get bogged down and confused.

"Some clarification from ministers to map out how they will pull together a cohesive outcome from these reviews would be helpful in dispelling any notion that the purpose of reviews is simply to kick difficult issues into the long grass."

ENDS

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Notes to Editors

1. Founded in 1983, originally to campaign against ratecapping, the Local Government Information Unit (LGIU) is Britain's foremost independent local democracy think tank, campaigning to extend

local authority best practice, freedoms and responsibilities. The LGIU works to influence the debate on local government modernisation. The LGIU and its sister organisations The Education Network (TEN) and the Democratic Health Network (DHN) provide research, policy briefings, information, advice, training and lobbying services to local authority and trade union affiliates. Previous LGIU news releases and statements can be viewed at www.lgiu.gov.uk <<http://www.lgiu.gov.uk>>.

2. The ODPM news release launching The future of local government consultation can be found at http://www.odpm.gov.uk/pns/DisplayPN.cgi?pn_id=2004_0137.

3. The full version of the LGIU's Charter for a New Era in Local Governance can be obtained from Kevin Morton, LGIU Press Officer, at kevin.morton@lgiu.org.uk. A summary version of the Charter, launched on 7 June, follows:

The Local Government Information Unit
A Charter for a New Era in Local Governance

There must be a new relationship between local and central government to ensure that local public services work together better. This debate will be central at the next General Election. In our complex society the issues that affect people's lives require more than excellent individual services: they need joined up solutions that recognise choice and diversity. Central planning will never achieve this. More local freedom that builds on unique strengths in local government, such as local knowledge and democratic accountability, is the way forward. This Charter describes the national reforms that are needed to develop these strengths and create stronger communities in a new era of local democracy.

Financial autonomy

The local government finance regime is over-complex, unsustainable, unbalanced and gives councillors little scope for pursuing local priorities.

* The balance of council funding raised locally must be increased to over 50% from the current 25%. This should eventually come through a package of new local tax options, such as a local income tax or a land value tax, and not through further centralisation in such areas as education funding.

* More immediately, certain existing taxes should be transferred from Whitehall to local councils. The business rate (NNDR) should be localised, with safeguards to prevent large and sudden increases in business rate bills. There should be a fairer balance between contributions from local business and residents.

* A reformed council tax should be related more to the ability to pay and take account of regional house price variation.

* Obstructions that mean councillors are more accountable to Whitehall than local electors must be removed. Capping should be abolished and, apart from time-limited pilot schemes, the ring fencing of grants should end.

* There should be independent audit of the cost of any new duties placed on local government prior to enactment to ensure that the duties are fully funded.

Local Community Leadership

Finance reform will end the destructive arguments of the past. The new challenge is to lead communities by joining up services and re-engaging with citizens. Councils need to be freed to grow into their natural role of leading and co-ordinating all local public services and advancing the well-being of their communities.

* Council scrutiny and overview powers already apply beyond council services to health. They should be extended to all public service bodies within their locality. Non-elected local public services should have a duty to participate in and facilitate scrutiny by elected councils.

* Local Public Service Agreements (LPSAs) should be developed to empower councils to make agreements with other local public services, pooling resources to deliver improvement. In return, those participating would be freed from some national targets.

* A balanced approach to joining up services requires common standards for all providers. Council tenants should expect investment and a common set of tenants rights to be available whatever model of social landlord they choose to run their housing. Council-owned companies should have the same access to investment as any other company. As in Scotland, all public agencies should be required to participate in developing community plans.

* A leaner national audit and inspection regime should reflect local priorities and councils should be allowed to experiment with the use of public satisfaction surveys as alternatives to national assessment regimes.

* As the local government family builds a culture of excellence there should be more collective self-regulation within local government to replace national inspection.

Re-engaging democracy

The ballot box gives local councils legitimacy in making tough choices. Decisions should be made as locally as possible to encourage engagement, beyond merely voting. Reforms that will enable more engagement from local communities include:

* Many councils have pioneered new forms of neighbourhood governance and participation. Additional powers are needed to pilot different forms of governance at both authority-wide and neighbourhood level.

* If Whitehall legislates for new centrally conceived neighbourhood governance structures, councils should have the right to recommend alternative models for their area. Where this happens both options should be voted on in a referendum. No model should be imposed on communities from the centre.

More people of all ages and backgrounds will volunteer as councillors if they were to be equipped to meet the demands of the job in today's world.

* Councillors need adequate remuneration, including paid time off from work with compensation for their employers, reimbursement for care costs and entry to council pension schemes.

* There should be more resources for training and council experience should be recognised in accredited qualifications in public service leadership and related skills.

* Political restrictions, based on salary levels, on local government staff should be removed, except for designated senior officer posts.

Democratic reforms can contribute to greater electoral involvement, including:

* Votes at 16 and candidacy at 18; the extension of new forms of voting, once successfully piloted, as well as different times and places for voting; and powers for councils to pilot proportional representation in local elections.

We propose a stronger connection between the local, the regional, the national and the international to reflect a world that is becoming both more global and more local.

* A Local Democracy Act could set a new relationship between different levels of government.

* The powers of any elected regional assemblies should come from central government and quangos, not local councils, to enable them to make a difference.

* Any European Constitution should ensure consultation with local government before regulations are proposed that will affect councils.

* To change the balance of political power at the national level, a reformed House of Lords should include members elected by councillors across the UK.