




Pacing Lyons

Forecasting the Shape
of Local Governance

Local Political Accountability



The New Local Government Network (NLGN) is an independent think tank that seeks to transform public services, revitalise local political leadership and empower local communities. NLGN is publishing this collection as part of its programme of research and innovative policy projects, which we hope will be of use to policy makers and practitioners. The views expressed are however those of the authors and not necessarily those of NLGN.

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Publications in this Series

Pacing Lyons

Forecasting the Shape of Local Governance

In July 2004 Sir Michael Lyons began a major inquiry into the funding of local government. In September 2005 the inquiry was expanded to cover the role and functions of local government. Sir Michael will report at the end of 2006.

The extension of Sir Michael's inquiry has converted it into the central mechanism analysing the long term design of not only local government but also all other locally delivered public services and state policies. Not since 1976 has any assessment of local government had so wide a remit supported by such high expectations. The 1976 Layfield Inquiry that reviewed local government finance across Great Britain is still discussed in local government circles today.

The Inquiry will have a major impact on the political landscape. It could have implications for issues including the taxes used to fund councils, how councils deliver services and the rules governing relationships between councils and other bodies including the health service, police, job centres and economic development agencies such as Regional Development Agencies and Business Links.

NLGN has therefore embarked on the *Pacing Lyons: forecasting the shape of local governance* policy project to feed into the Inquiry's findings and recommendations. This project is supported by PricewaterhouseCoopers.

Between January and June 2006, we are holding a series of high level seminars with presentations from key players in local government and Whitehall. Combined with other research, the outputs from these seminars will be the basis for an integrated package of recommendations to the Lyons Inquiry. Both the output of our work and the process of developing policy will be used as a platform to intervene in the growing debate on the future of local public services.

This document represents NLGN's second submission. NLGN is using each seminar to issue discussion documents addressing key aspects of the debate.

New Local Government Network was founded in 1996 by a group of senior local government figures whose aim was to make local government more relevant and credible to local people.

A non-profit making, independent think tank, NLGN seeks to transform public services, revitalise local political leadership and empower local communities. NLGN is also the primary advocate of New Localism.

NLGN works closely with individual local authorities, national agencies, central government and the private sector to promote ideas about how our objectives can be achieved in practice. For more information, please visit www.nlgn.org.uk.

1 Introduction

Over the coming ten years, new and significant challenges to the local state will emerge. Research evidence gives us a more detailed understanding of what the future might hold. It suggests that divisions between the richest in society and the rest of the country may widen, differences between the make-up of households might deepen, and health inequalities could become more stark.¹

More diversity will not only be seen within localities, but also between them. Some areas will see local employment opportunities grow as a result of global economic trends while in some they will shrink. Some areas will become more ethnically diverse while others become more homogenous.

This deepening and widening of diversity will not happen in isolation. Citizens' expectations of public services are rising and all the major political parties are committed to public service reform. The slowdown in the rate of increase in investment that will probably result from the Comprehensive Spending Review 2007 will see more focus on driving improvement within existing resources by joining-up services and encouraging users to actively participate in delivery. These developments put more pressure on local democracy while offering incentives and opportunities for improvement.

Evidence also suggests that there is a strong perception among citizens of a disparity between how much influence they should have over government policy and how much they have in practice. In a recent survey, 90 percent of people felt that ordinary voters should have a "great deal" or a "fair amount" of influence, but only 33 percent felt they actually do.² This suggests representative politics is in need of reform.

Local government offers the best hope of constructing a future that tackles these challenges, while allowing citizens more input into policy development. However, political theory suggests there is a fundamental problem in local politics. The principal-agent model shows a conflict between outward local accountability to citizens and upward accountability to central government. If central government is to exert less direct control over councils, local politics will have to develop stronger outward accountability.

As democratically accountable bodies, councils are, in theory, ideal vehicles for developing and enacting policies that take account of local diversity. Local government has also shown itself to be increasingly effective at joining-up services and capable of driving continuous improvement. It is possible to see a future where local citizens look to their council and not to the various arms of national government to make choices between competing priorities based on collective needs and desires.

Taking on these challenges would require a major change in local government's focus. The "place-shaping" role as described by Sir Michael Lyons could give councils the influence to face-up to this future. With councils equipped as strategic leaders, they can make sure that local people get the most out of these impending challenges.

However, local government will not develop from service provider to strategic leader overnight. Lyons's "place-shaping" aspirations rely on a raft of wider changes that will empower local government to confidently tackle the challenges of the future.

Strong political leadership is essential, particularly in developing the visibility needed to build partnerships among public, voluntary and private

¹ The Tavistock Institute, SOLON Consultants, Local Government Information Unit, for Office of the Deputy Prime Minister, *All Our Futures: The challenges for local governance in 2015*, part of the *Local:Vision* series (April 2006)

² Joseph Roundtree Reform Trust Ltd., *The State of British Democracy* (July 2004)

sector bodies. The changes in decision-making structures introduced by the Local Government Act 2000 went some way to strengthening leadership. However, when only around a third of those registered to vote actually do so, demonstrating legitimacy to local partners can be difficult.

Strong executive leadership needs to be checked by strong accountability to local people. The split between executives and frontline councillors as introduced by the 2000 Act has not been universally successful. This split inadvertently weakened the accountability of the executive by lessening the impact that frontline councillors can have on policy development and decision-making.

Strengthening accountability would ask local politicians to better represent citizens' views to ensure that scrutiny and accountability was in line with local citizens' priorities. However, there is currently a distinct lack of diversity in England's councillors when compared to the wider population. The most recent census of local politicians shows the size of the challenge. Only 4 percent of councillors were from ethnic minorities, just 36 percent were in employment, and a mere 13 percent were aged under 45. Most arrestingly, only 29 percent were female.³

Therefore, "place-shaping" should be underpinned by development in three areas. Firstly, in the strength and quality of local political leadership. Secondly, in the strength of accountability mechanisms. Thirdly, in encouraging diversity in the body of councillors.

This interim paper is NLGN's second *Pacing Lyons* submission to the Lyons Inquiry and offers preliminary findings from NLGN's research.

³ Councillors' Census, *Employers' Organisation for Local Government and Improvement and Development Agency*, (June 2005)

2 Leading Localities

The slew of political challenges that will emerge in the coming decade can be met by broadening the strategic role of local government. The “place-shaping” role asks for strong executives that can broker deals among local stakeholders, encourage economic development, resolve conflict among communities and develop a strong appreciation of local needs and preferences.

This is an extensive list as well as a big departure from local government’s traditional role as a service provider. However, this does not mean that service provision will become less important. On the contrary; services will remain at the heart of local government’s activities. Much of the potential of councils as strategic leaders comes from the knowledge and understanding that providing services brings.

The idea of a strategic role for local government is not new. Councils are already required by central government to act strategically by producing Community Plans and participating in Local Strategic Partnerships.

To empower local authorities to be strategic leaders, executive leadership has been strengthened significantly in recent years. The 2000 Act split executive and scrutiny roles by introducing the executive/cabinet and the mayoral model. These models, applied in different ways in different localities, have led to increased formal legitimacy as well as an increase in the levels of informal influence that local politicians can wield over other public service providers and non-governmental partners.⁴

Such effects have been most apparent in councils with directly elected mayors. These local authorities also show that direct elections give local citizens more of an incentive to vote. All

mayoral local authorities experienced increased turnout at the 2006 local elections. Also, mayors experienced markedly increased recognition among local people and partners when compared to other local political leaders.⁵

So, direct elections strengthen local government in ways that help strategic leadership. However, neither the cabinet/leader model nor directly elected mayors have proven universally popular despite their advantages, suggesting that the available models have drawbacks.

The 2000 Act left out frontline councillors. With the mayoral model in particular, but also with the leader/cabinet model, comes a widespread perception that frontline councillors are not empowered to the level they used to be.⁶ This was not the intended outcome in either case. Where executives have been strengthened it stands to reason that stronger scrutiny and accountability are required.

A varied model of directly elected executives might be more successful when applied across England. The current options limits candidacy for direct elections to an individual. However, in areas with significant demographic and political variations, a directly elected cabinet could prove more popular both with voters and councillors. In other areas, the existing mayoral model might be more appropriate.

Stronger executive leadership asks for stronger safeguards against potential executive excesses. A public right to recall a directly elected executive linked to outcomes and embedded in Local Area Agreements would keep strong political leaders accountable to local people throughout their terms in office. The bar could be set high enough to ensure that this approach was only

⁴ Steve Leach, Jean Hartley, Vivien Lowndes, David Wilson and James Downe, *Local political leadership in England and Wales*, Joseph Roundtree Foundation (July 2005)

⁵ Kiran Dhillon, *Mayors making a difference*, New Local Government Network (March 2006)

⁶ Gerry Stoker, Francesca Gains, Peter John, Nirmala Rao, and Alan Harding, *Implementing the 2000 Act with respect to New Council Constitutions and the Ethical Framework: First Report*. Evaluating Local Governance: New Constitutions and Ethics (June 2003)

used in exceptional circumstances. Where strong executives fail to deliver on their electoral mandates, local people could vote them out during their term.

A popular capability to oust incumbent politicians would keep executives aware of the limits of their mandates. For those executives that see the prospect of a four year unbroken term as a licence to hike Council Tax in years one or two, or to slash services early on, the recall mechanism might offer a valuable moderating influence on their behaviour.

Experience of the mayoral model and the cabinet/leader model shows that they have both strengthened local political leadership, the mayoral model more so. But, for the potential of direct elections to be realised more widely, strong executive leadership needs to be better balanced with accountability to local people.

3 Strengthening Accountability

Rigorous scrutiny is required to keep checks on the power of strong executives and frontline councillors seem best placed to perform this role. Reform should be wary of empowering directly elected executives to make decisions with no reference to the collective public will.

A development of the role of frontline councillors is therefore necessary to meet the challenges of the future. However, experiences since the revision of decision-making structures in the 2000 Act have been mixed. Some frontline councillors feel that their valuable work as representatives of local citizens has been undermined and that they are no longer as influential as under the committee system.⁷

The future could demand that local politicians accept the bigger challenge of a wider scrutiny role, possibly over all public services delivered in a locality. This would allow councils to become one-stop-shops for accountability across the public sector. However, more officer support would be required to help councillors better engage with their local areas and have a more meaningful conversation with the executive.

It is also questionable whether scrutiny alone is enough and whether greater influence over decision making and policy development is required. While some have characterised non-executive councillors as little more than auditors able to ask questions, it could be argued that frontline councillors should continue to have final local legislative powers, such as powers to approve and dismiss the budgets of executives in Full Council. The split between executive and legislature is an important defining characteristic of any elected decision making body. We should not overlook the importance of the legislature, even at the local level.

Also, if there were a duty to co-operate with local representatives placed on all public bodies in any given locality, local variation in the design of service delivery could be strengthened and local voices heard more clearly. The representative role of ward councillors could also be made stronger. NLGN's research for the *Pacing Lyons* project has uncovered a number of areas for reform which might achieve this.

Smaller, single-member wards could make it clearer to local people who represents them. However, such wards would challenge the existing political parties as elections could hinge on very small numbers of votes. They would encourage plurality in local politics in areas where choice is currently limited.

Area arrangements such as neighbourhood forums can also be helpful in engaging local people in the design of services while re-engaging them with representative politics. However, too much direct control by unelected neighbourhood mechanisms could risk further alienating already excluded groups. Elected representatives could play a brokering role between interest groups and maintain their mandates as representatives of whole neighbourhoods.

³ Councillors' Census, *Employers' Organisation for Local Government and Improvement and Development Agency*, (June 2005)

4 Incentivising Representation and Participation

The success of the local government reform agenda will depend in part on the capabilities of local politicians to meet the challenges of the future. At present, there is a perception that being a local councillor offers only limited rewards. The job can be time-consuming, demanding, and provide little financial compensation. These perceptions can be a barrier to those in full-time work, to those with childcare responsibilities and to those from less well-off communities.

However, the inability to make a significant impact is the most often given reason for councillors stepping down. Therefore, true devolution and the greater empowerment of councillors will in itself help to attract new talent and widen diversity. In this sense, the realisation of the devolution agenda will help create the politics that will make devolution workable.

However, this will not be an entirely self-fulfilling prophecy. NLGN's *Pacing Lyons* seminar series has found that other incentives could be necessary to help widen the pool.

Councils could guarantee the payment of one year's university tuition fees for every year's public service. Or they could offer a guaranteed interview for a public service position for every year of representation. Also, an increase in the basic salary that councillors receive or even a more graduated pay scale adjusted for responsibilities could make the balance between work and public commitments more realistic. Councils could also offer child care and pensions contributions to make running for election more realistic.

This strengthening of incentives, coupled with an extension of powers for frontline councillors, would require politicians to be more vigorously held to account. Introducing a system of regulations similar to those that hold private sector company directors to account might be a model to ensure

councillors are personally responsible for the effects of their decisions.

Improvements in local political representation will also affect how the behaviour of local politicians is regulated. Presently, there is a top-down system that relies on the Standards Board for England (a non-departmental government agency) to censure councillors. A recall mechanism, along with more powers for the Full Council and a more informed electorate, could provide a strong challenge to under performing politicians. In this environment, the need for the Standards Board's intervention powers is less apparent.

5 Lessons for Lyons

NLGN's *Pacing Lyons* research has uncovered that the future will demand more of local politicians and local institutions. The broad "place-shaping" role outlined by Lyons asks that all tiers of government should help to develop local political accountability.

The provisions of the Local Government Act 2000 have been effective in strengthening leadership by drawing clear lines between executive responsibility and scrutiny. But, as a result, frontline councillors have lost influence over executive decision-making and policy development. Even without a further strengthening of executive power, local accountability and the role of frontline councillors needs to be strengthened.

Place-shaping requires strong and visible leadership. Without the attention that strong leadership commands, it is unlikely that an executive can effectively balance local priorities, arbitrate in community disputes nor play the role as the first among equals. Further strengthening executives by direct election could contribute to stronger leadership and attract more diverse talent to local government. Developing a variable model that caters for differences between areas could help to make direct elections more popular across England.

The perception is that stronger executive power has lessened the impact that frontline councillors can have on decision-making, particularly as a result of direct elections. This perception needs to be addressed. Granting frontline councillors more powers to hold the executive to account above and beyond scrutiny could help reinforce accountability.

More transparent structures for local representation also offer the potential to reinforce accountability. The creation of small, single-member wards would present significant

challenges to the existing political parties while reinforcing the representative link between voter and politician. This approach could encourage engagement while making sure that vulnerable groups are not excluded from the process.

The present level of diversity in the body of local councillors is also at odds with the needs of the future. To increase diversity and strengthen representation, local government could provide stronger incentives for citizens from all walks of life to become councillors. To make sure that these incentives attract people capable of addressing the challenges of the future, higher rewards could be balanced with greater consequences for under performance.

Vibrant local politics is important in ensuring the success of the local government reform agenda. Devolution should be underpinned by effective decision-making structures that can address the challenges of the future while reserving the final say for local people. In these ways, the challenging aspirations for local government reform can be met.

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The policy project Pacing Lyons: forecasting the shape of local governance will produce a number of papers in 2006, of which this Local Political Accountability paper is the second. This series will be broken into the following six areas:

- Challenges to the Local State (April 2006)
- Local Political Accountability (June 2006)
- Strategic Leadership of Public Services
- Guarantees for Devolution
- Funding Autonomy, Innovation and Improvement
- Final Recommendations

These papers will be available in various format. Please visit www.nlgn.org.uk for further information.