

HOUSE OF COMMONS

POLITICAL AND CONSTITUTIONAL REFORM COMMITTEE

Prospects for codifying the relationship between central and local government

Thursday 25 November 2010

Professor Tony Travers and SIR SIMON JENKINS

Members present:

Mr Graham Allen (Chair)

Sheila Gilmore

Mr Fabian Hamilton

Tristram Hunt

Mrs Eleanor Laing

Sir Peter Soulsby

Mr Andrew Turner

Stephen Williams

Examination of Witnesses

Witnesses: **Professor Tony Travers**, Department of Government, London School of Economics, and **Sir Simon Jenkins**, Journalist and Author, gave evidence.

Q54 [Chair](#): Welcome. It's a great pleasure to see you both; two very esteemed and eminent commentators, particularly in terms of local government and democracy. You know what we're doing in terms of our report. We're looking at the relationship between local government and central government. We're looking particularly at whether it should be codified, and we've already had evidence from Professor John Stewart and Professor George Jones. I think we have at least another four, or possibly five, evidence sessions to come. We're taking this very seriously.

As you would expect from our Select Committee title of Political and Constitutional Reform, we're looking at this at a slightly more stratospheric level than our colleagues in the Select Committee on Local Government. They are currently doing a review on localism as such. We're not going there. We are looking at a slightly broader picture and possibly a broader picture that sits with codification in other areas, which is an underlying theme of the Committee.

I don't know, Tony or Simon, whether you would like to kick off with a quick five-minute introduction or whether you would like to dive straight into questions?

Professor Travers: Just on the distinction between you and the localism; those of us who have appeared before the localism Committee wonder what the difference really is, apart from being stratospheric.

Q55 [Chair](#): I think the localism agenda is very particular. I can't speak for them, but I would imagine that that Committee is very involved in how particular grants work, how particular freedoms that are being given by the current Government, or past Governments allegedly, will work in detail and how that will impact very specifically on local services, whereas ours is part of a broader constitutional view. Hopefully, it can be possibly more radical than the examination that a very specific set of criteria might indicate for the Local Government Select Committee.

Professor Travers: I should declare an interest that I am working as an adviser to that Committee on that inquiry, just for the avoidance of doubt. But I can't speak for it; that would be most improper.

By way of an introduction, Chairman, I think all I would want to say is that clearly we all know that it has been a feature of British political debate for decades, not even just for the last 30 years, that local government in England-which is what in effect we're talking about, though much the same applies to Wales, Scotland and Northern Ireland-has found itself in an increasingly subordinate role within the democratic and political system. This is not because of any decision that was ever made by a Government, or Governments, but simply because of the passage of time and because of extraneous events, which would presumably include Britain's lesser and lesser focus overseas that has required more things domestically for Parliament and Government to focus upon. All I would say is that it's a very long-term issue that has proved virtually impossible to make any reverse in the direction of centralisation.

In that sense, an inquiry looking at codification also begs the question of where the line would be drawn, that is would it be drawn where we are or would it be drawn somewhere back from where we are, in terms of pushing the balance between local and central government away from centralisation, which is certainly something, if it were to happen, I personally would favour.

Q56 [Chair](#): I think it's a question of: do we codify what we have now or do we think about codifying where we would like to be, and I suspect the process of trying to codify where we are now would raise those issues. The mere fact of writing down the relationship would immediately beg certain questions, which I think the direction of travel might well then be in the direction you have described.

If I can start proceedings then, Tony, and-I was going to say "having read your note"-having read many of the things you've written over the years, I think one of the things that strikes me is your view on local government finance and how - forgive me for paraphrasing -but if we are to have a more independent local government structure in the UK, that necessarily finance must go with that and that you can't really have a sort of powers independence but finance still remains with central government. I'm sure that is an oversimplification of your position but is it relatively accurate?

Professor Travers: Not at all a simplification. I think there's no question but that autonomy for local government-indeed autonomy for devolved institutions, so I would include the Scottish and Welsh Governments in this-for it to work, effectively and properly, relies heavily on reasonable autonomy, which in turn relies on the capacity to raise resources and to be held to account for the raising of those resources. The difficulty we've seen is that a twofold radical change has occurred over many

years, but certainly since 1945. The first is the growing dependence of local government on central funding, which has effectively increased to 75%; and secondly, of course, capping, introduced first in 1984-1985, then removed, then reintroduced. So it's a bipartisan policy. Capping, if ever anything symbolised the problem that the Committee is dealing with, with this inquiry, it is the introduction and Government sustaining the use of capping in relation to what is a relatively small local tax anyway. So, I absolutely agree that the capacity to raise taxes, and to be held to account for the level of them, is an essential part of any devolved government and any constitutional settlement.

[Chair:](#) Simon, any comments on that?

Sir Simon Jenkins: You're going to have a lot of trouble today, because there's no way Tony and I are going to disagree.

Professor Travers: We'll find a way.

Sir Simon Jenkins: We'll desperately try and find a way. It's like being on a radio show when they haven't done their research properly.

Q57 [Chair:](#) I think, Simon, your problem may be that members of the Committee may disagree.

Sir Simon Jenkins: Let's come on to that. I totally agree with what Tony has just said. What interests me-I have to admit as, like Tony, a long labourer in this vineyard-is not the truth of the matter or what should be done and where we want to be, it's why we never get there. I'm just going to express the same scepticism I did before the localism Committee. I am deeply sceptical about these Committees, because you've been saying it for so long and it has got absolutely nowhere. I think it's no longer interesting whether you have a constitution for local government, whether you ought to delegate financial powers to local government; the only thing that's interesting is why do you never do it? The reason is I imagine all of you stood up at the General Election and said, "We promise to cap council taxes". As long as central politicians say things like that, or protest at the postcode lottery or complain that it's different in the southeast from the southwest, nothing will ever change. My profession will take a lead from you; it will always be a good story. On the radio this morning: diabetes in the southwest is worse than diabetes in the southeast. So what? But the fact is that's the way the political community in Britain responds. I think the only interesting question is: why is that the case; not: what should we do?

Q58 [Chair:](#) Terribly fatalistic, Simon, and awfully stereotyping of Members of Parliament, many of whom have laboured at least as long as you in this vineyard and do want to see some progress in this area. I am sorry to sound defensive, but many of the colleagues around the table came through the local government ranks and actually see that there should be a way forward.

I think of more interest is-it's a question I asked Professor Jones-how do you give freedom to people who are not actually demanding it? Where is the great demand from local government chief executives and local government leaders to say, "Let us get on with the job; get off our backs"? I don't hear that. Do you hear that?

Sir Simon Jenkins: I'm sure Napoleon said the same of his marshals. Sometimes you have to be forced to be free; it's an old cliché. But if the reason for not decentralising power in Britain is that nobody wants it, or none of those people on to whom you would be decentralising it wants it, you'll never decentralise power. I think you do need to take what might be called an ideological view of this. Do you really believe in subsidiary democracy? Do you really believe there should be tiers of

public administration accountable to electors? If you really believe that you would do it. It doesn't matter if the lumpen mass out there, who you say don't really want it, don't scream out for it.

I do recommend the history of the *lois d'affaires* in France, when the most centralised regime in Europe decided to decentralise power. That was on the back of a political disagreement between the big city mayors, the then socialists, and a conservative government in Paris. So it was partisan to that extent, but it finally was the big cities demanding power and they got it. It worked; it was written down; it was constitutional. I think you do need to know what it is you want to achieve at the end of it, but then also know how you're going to get it and it's no good saying, "Oh, they don't really want it".

[Chair:](#) I'm going to ask Fabian to come in to follow up the point about France, but Tony-

Professor Travers: You're right; there isn't anything like the pressure and demand from the existing system of local government in England for reform. With due respect to those around the room who have been on local authorities, I think that at some level this has gone on for so long there is a sort of war-weariness, and we will be hard pushed to avoid it this morning. There is a sort of war-weariness and an acceptance. I think that also, dare I say it-and this is a good reason for why things need to change-the blurred accountability suits everybody. It lets everybody off the hook, because local government can say, "All these cuts, it's really central government".

Q59 [Chair:](#) One witness called it "the Stockholm syndrome".

Professor Travers: The Stockholm syndrome is a way of looking at it. As I understand "the Stockholm syndrome" that is actually sympathising with your captors, isn't it? There is an element of that about it. I think this goes further. At some level it does suit both central government and local government for blurred accountability. The codification that you're discussing, however achieved, would improve that. People would know where accountability lay, or could know.

Q60 [Chair:](#) Just to come back to Simon's point. I think some of the points you're making about local government could also apply to Members of Parliament, and perhaps we need to distinguish between Parliament and Government. I think the current settlement is very much in favour of the executive and it may be accepted by local government. Parliament is somewhere in the middle, Members of Parliament themselves. That is why I think we do have a useful role to promote, if we feel it appropriate, a different sort of view for this because we are not Government. We may be prisoners in our own little open prison but we're not responsible for what Government is doing. So, perhaps there is a role for us after all, Simon, I don't know.

Sir Simon Jenkins: Well, I'm not sure. On your particular point, and it is Tony's point as well: there is a huge vested interest in unaccountability in British democracy generally. If you take the central point of this relationship, which I regard as rate capping-rate capping to me is the one litmus test of this whole debate, as Tony said-I can remember the roar of approval from the back benches when both front benches said, "And we'll continue rate capping". I don't think, and I'd love to be corrected, a single MP got up and protested at that decision.

Q61 [Tristram Hunt:](#) When was that?

Sir Simon Jenkins: It was before the election.

[Chair](#): We are collectively guilty, although I think individuals may have a reasonable record in standing up for certain things and getting their heads chopped off to boot, but there we go. Fabian, just quickly you wanted to say something on the French example.

Q62 [Fabian Hamilton](#) : Yes. Simon, just on the point that you made about the French constitution. Isn't one of the reasons for that pull away from central government - that demand by mayors for separation or autonomy for local government - isn't that because many mayors are actually members of parliament? Because, as you said yourself in the *Huffington Post*, I think in May, we should have a separation of powers. Because the French have a separation of powers that means that in many ways members of parliament have quite a separate role in holding the executive to account, because they are not part of the executive and they are often mayors of big cities. I'm thinking of Pierre Mauroy, for example, in the late 1980s, former Prime Minister but member of the Assemblée, député, and mayor of Lille. Sadly, the mayor of Leeds, with whom I visited him, thought he was the deputy mayor of Lille, député - maire de Lille. But isn't that the reason that you have the separation of power, something that you want to see in this country?

Sir Simon Jenkins: Yes, to all that, except with the *Huffington Post* it must have been stolen from the *Guardian*. It happens a lot. France is intriguing because the key to French politics is, of course, the commune, the concept of the commune and the absoluteness of the loyalty of the French political community to the concept of commune. One of the reasons why I think France is a good European in a sense, is their political focus is their mayor; 95% name recognition of the local mayor. It's so impressive. It may be corrupt, it may be all kinds of things, but the fact of the matter is the French love their mayoralty. I think the great surge towards decentralisation in the 1970s and 1980s arose from the city as a commune and the concept of that. You're quite right, there is a curious relationship between mayors and the Assemblée Nationale, but I think that is largely a party relationship.

Q63 [Sir Peter Soulsby](#): Just to follow on from that, I take it from that that you very much welcome the Government's move towards encouraging the 12 largest cities to have elected mayors and would want to go on beyond that?

Sir Simon Jenkins: Tony Blair wanted it too.

Q64 [Mr Turner](#): That is the Government telling them they have to have a vote on whether to have a local mayor. It's not them deciding. The lead comes from the national government, doesn't it?

Sir Simon Jenkins: Yes, they're being forced to be free. I have to say, I think very few of them will vote for it. Tony may disagree. I just think people ought to have a mayor, they ought to vote for someone who is going to lead their local community, and at the moment the person who leads the local community is the police chief. If ever there is a disaster or an accident the person who is on the radio or the television is either the vicar or the police chief. I think it's just wrong that there should be no spokesmen for local communities in this country, alone in Europe.

Q65 [Mr Turner](#) : I think we might disagree about that. What I am worried about is : why we are having this discussion ? Because we have a system that cannot be changed. Our system is stuck, whether we like it or not, at least as far as England and the delegation of responsibilities to Wales and Scotland, and so on. All those things are decided by the Crown and the Government. We can talk forever about it but it's never going to change because we have a system that depends on those two elements. So, why are we talking about it?

Sir Simon Jenkins: Well, you're hoping to change it, I assume. I totally agree with your analysis. This is just a special subject, but my view of it is that there is still what might be called "a monarchical gene" running through British public administration, and it is that the Crown and Parliament decides what should happen to the country and everything beneath that is by the grace of the Crown. Most countries have constitutions; they have things written down; they have protected institutions and protected subsidiarities. We don't, we rely on the Crown. When you had powerful barons demanding Magna Carta there was a sort of balance of power. That balance of power in the 20th century evaporated. As you say, if you're going to be free of it you're going to have to be freed by grace of the Crown.

Q66 [Mr Turner](#): Yes, good. Well, I'm glad we agree about that. So, what we are doing is talking about the things that we can talk about and we can discuss and we can push at the edges, but there is no check on the Crown?

Sir Simon Jenkins: Until 1984 local councils could fix a rate. From 1984 onwards that evaporated and no one has ever dared reintroduce that liberty, but it was a liberty enshrined in local government and is still there.

Professor Travers: Of course, the system is as you both describe but it is capable of making decisions from time to time that, however temporarily and however capable of being reversed, do suggest a willingness to inch down the road down which the Committee is looking. That is-to come back to it again-Scotland and Wales are, without question, constitutional changes brought about by the system that you're describing but which have elements of a constitutional settlement about them, particularly the longer they prove to be durable. For the time being they look durable. They were reinforced by a referendum at the time they took place. Northern Ireland has followed them down that route. Even the London system was semi-constitutional or seen as such. So, even the system that you're describing is capable, because it is that kind of system, of deciding what it wants and it can decide to do things that are, in the logic of its own terms, against its own best interests. It can hand power to other people, hand power to anybody, because it's the kind of system you've described.

Q67 [Mr Turner](#): I accept that. The problem as far as England is concerned is that nobody knows at what level. Level is an issue in England, which doesn't seem to be an issue in Scotland. Is this a county thing? Is this a parish council thing? Is this a regional thing? Most people couldn't describe their region.

Professor Travers: Well, yes and no. I hardly dare say this with the former leader of Leicester and others sitting here, but I think in many cities people know what it is. I think people in Birmingham and Leicester, and doubtless in Stoke-on-Trent, know where the city is. They know what it is. It is true there is a continuing dispute-itself triggered, by the way, by debates in Parliament and Government-about whether we should or shouldn't have counties, should or shouldn't have more parishes, should or shouldn't have regions, but that is a product of artifice really. I suspect it's partly as a result of England's tiny geographical size and the feeling we need regions and we need counties and we need districts and we need parishes, "Oh, and that's too much so we should abolish things".

But despite all the abolitions and re-creations, Leicester continues to exist. Leicester is a real place and Leicester is now thinking of voting to have a directly elected mayor. So, some things are more permanent than others and I think the things that are impermanent and get changed all the time, not all but generally, are ones that Parliament and central government feel the need to do something

about. So I don't think it's quite as impermanent as you think. I think county, city and town civic understanding is very strong.

Q68 [Mr Turner](#): And true too for the Isle of Wight.

Professor Travers: Much more easily so in the Isle of Wight.

Q69 [Mr Turner](#): So we can say there are levels. Can we put them in an order? Would you both like to put them in an order of get-rid-ability?

Sir Simon Jenkins: This is a familiar conversation. I'm so old I worked for the Royal Commission on Local Government in the 1960s under Redcliffe-Maud before I even became a journalist, so I go right back on this one. We had a thing, which I think is relevant to your question, which is called "the Marbella beach test". You see someone on Marbella beach and they're speaking English and you say, "Oh, where are you from?" The answer to the question is your structure for local government. If they live in a big city they say "Leeds" or "Harrogate, just", "King's Lynn, just". They describe a county borough in the old terms. If they're not from London or Leeds or Bristol they reply "Gloucestershire", "Norfolk", "Suffolk", "Yorkshire", in which case you have to ask a second question, "Oh, really, where?" They then say "Lowestoft" or "Crawley", and that's two-tier. Nobody ever says a region and they never say a district council area. So the two artificial imports into local government of central government are a region and a district. The two ones that are real are counties and municipalities of some sort: a parish or a town or a city. That has always stayed with me because it seemed to be real.

But it doesn't matter how many times you change local government-we've changed it a dozen times in the last quarter of a century-people do come back to these geographical senses of identity: their counties and municipalities. In countries where they have them they work. They work in France; they work in Denmark; they work in Scandinavia. Only in England are we constantly trying to reform them, and here we are discussing it, yet again, because they don't work.

Q70 [Mr Turner](#): Sorry, when you say "They don't work", you mean the district?

Sir Simon Jenkins: Yes.

[Mr Turner](#): Yes, I absolutely agree.

Q71 [Mrs Laing](#): Coming back to what you describe-and I entirely agree-as the central point being capping, because it all comes down to who has the power, the ability to spend money and who has the ability to raise money from the local taxpayer. You brought up an interesting point about Members of Parliament all cheering the continuing of rate capping. Might I suggest, and see whether you agree or not, this is because we are afraid of things going wrong and where does the buck stop if things do go wrong. Let me give you an example. Epping Forest District Council-my district council, an excellently run organisation-had until recently six BNP councillors on it out of 59. Now supposing we were trusting the people and the people decided to put on 40 BNP; I realise, Mr Chairman, I am being rude about BNP and I won't withdraw that.

[Chair](#): I'm just waiting for the question, Eleanor.

[Mrs Laing](#): The question is: where does the buck stop? Supposing you have a local government unit that is given autonomy; supposing we don't have capping; supposing that unit, at whatever level it

might be, can raise taxes, does so, mismanages the economy and the services of the local authority, then where does the buck stop? Does the MP say, "Oh, it was nothing to do with me"?

Sir Simon Jenkins: You remind me of Pascal Lamy in Brussels, a conversation I had with him on this subject many years ago; he said exactly the same of Britain. He said, "It's all very well you going on about the sovereignty of national parliaments. Suppose they get taken over by socialists and mismanage the economy". You can't have half democracy, it's no good. There's no answer to your question except, "Tough. You vote for them, you vote for them". I think most people who are reasonably responsible about some sort of national government say there have to be some limits, and there are limits: there are limits of audit; there are limits of oversight; there are limits of borrowing powers, and so on. But we're so far from that risk, so far, I'm just prepared to take a gamble on it.

Professor Travers: Were an undesirable party to take control of a government entity it would still be heavily constrained by laws about how it behaves. It has to behave within the law. This issue was discussed in the case of the BNP. In the run-up to the local elections this year, there was thought to be the possibility that it could take over at least one council. Had that occurred it would have begged the question, and your question begs the question: of whether the Government should have intervened or not. I suspect the Government would not have intervened because: firstly, it would have produced a convulsion in the political system, which itself would have been the solution to the problem-as indeed to some extent happened-and therefore stopped that ever occurring; and secondly anyway the officers of the council would have told their newly elected majority group they had to behave within the law. There are laws about how you set council taxes, how you treat people-and, and, and-and had the council broken them then the law would have dealt with it. So, that is one answer.

I think the other is we have parish councils. This fascinating risk that somehow if we set up anything new and more powerful it will get taken over; you would have thought that by now parishes would have gone down this route, if it's such a risk. Parishes are very tiny; you'd have thought we'd have all sorts of parishes controlled by loops of every kind, and oddly we don't. Well, not in the way you're describing. We may have eccentrics, but in Britain eccentrics are good, but we don't have extremists running parishes, and I think at some level that is an answer to the question: it doesn't happen now so why should it happen if we gave it more power?

Q72 [Chair](#): Could I just interject and say: where extreme parties flourish is where mainstream parties are not really strong and not contesting.

Professor Travers: I think that's true.

Q73 [Chair](#): If you had greater freedom locally, one assumes naturally local parties, mainstream parties, would begin to flourish once again and they would squeeze out some of the extreme elements that do well when the field is negated.

[Professor Travers](#): At the risk of picking up Simon's theme of attacking the political class from this side of the table, I do think that the rise of the BNP did produce a convulsion-a minor convulsion-which immediately targeted political activism on doing something about the problem. Whatever the problem was it hadn't been tackled before then.

Q74 [Mrs Laing](#): I think that's a very good point, and it comes back to the whole issue of trusting the people, that that is the very basis of democracy. Would you say then that your conclusion on this

part of the discussion is that we ought to trust the people and that if they make a mistake once they won't make the mistake again in allowing extremists to take over?

Sir Simon Jenkins: The only thing I'd say about your district council is district councils are one of the things I don't like because they aren't natural political entities. I think you'll find people take a much more active interest in local affairs if it's Epping or if it's a parish. As Tony said, you tend not to get that sort of problem when you have a realistic geographical entity for political activity.

Q75 [Chair](#): Just to put a seed in the minds of our witnesses, we're having very helpful general discussions. I'm also keen to pursue and have you bear in mind when you answer: do we codify and, if so, what do we codify in order to make some political progress? I'm conscious we need to make some serious recommendations about this. It may be a big bang or it may be salami but it would be helpful to tease out your thoughts on that. Did you want to say something in response to that?

Sir Simon Jenkins: On salami, I think it's a very interesting question. It reverts to my question about: how do you do all this? Whenever we've been involved in this conversation you tend to have one group of people saying, "It's best to try and proceed slowly, we're more likely to get some reform if we don't propose anything too radical" and the other side says, "Unless you propose something radical nothing will ever happen". I have to say, as between the two I just don't know which is likely to happen. It's very similar to prison reform and drugs reform. It never actually happens but all the committees that sit, of which there are about 12 at any one moment, always have this discussion, "Do we be radical and get nothing or do we be salami and get something?" Then you discover you didn't get anything when you were salami and you wish you'd been radical. I don't know the answer to that. I'm inclined to radicalism, but that's me.

Q76 [Tristram Hunt](#): This idea of nice written concordats and written certificates and agreements, isn't it all rubbish if you don't have the power in the cities that comes from, first of all, economic power? What we've seen over the last half century is the growth of regional office syndrome, the collapse of autonomous stock exchanges in regional cities, the collapse of autonomous economies, the collapse of autonomous, vibrant middle classes and political leadership in many of these cities, all of which feeds through to the political process. So, even if we come up with a beautifully crafted political statement about competence and relationships, and all the rest of it, if there isn't the economic and then political power in the cities, in local government, it really doesn't make much difference, does it?

Professor Travers: No, it wouldn't. It doesn't, and we have a right, because of the not well stylised fact that 95% of all the taxes paid in the United Kingdom are paid to central government. So the 5% is the council tax, which is itself capped. So we're talking about 100% of all taxes are set by the centre. In such a world inevitably every decision about certainly any major project will be made in London. That is for sure. Any large project will be decided within a mile of where we're sitting. That means that desks in Whitehall pile high with things that need to be decided; city council leaders and chief executives and county council leaders and chief executives spend half their time on the train to and from London to beg for their project, and in the end there is a sort of grand court in London, that is the civil service and Ministers, who decide these things. That is inevitable in a system where 100% of all taxes are set by the centre. It cannot happen any other way. That will, as you rightly say, then weaken the political class in each city, county and town, and at the end of that the only place that you'll be able to make a real political career-I do think you can still do it in city and county government, just-predominantly will be in the House of Commons and to some extent the House of Lords. That is how it will end up and that is how it has ended up.

Q77 [Chair](#): Providing you then become a member of the executive.

Professor Travers: You have a chance of becoming a member of the executive once you're in here.

Q78 [Tristram Hunt](#): So the stuff about retention of business rates, which is welcome, the stuff about infrastructure levy, which is welcome, the stuff about maintenance of extra business rates above 15% if you grow your rates, or whatever, all that is very jolly and nice and welcome but it's not going to change the balance of power hugely, is it?

Sir Simon Jenkins: If you try and envisage what is the ideal state that you want to achieve as a result of this conversation, which is, I imagine, somewhere between the burghers of the city of Manchester 1860 or Leeds, or wherever it might be, hugely powerful, great figures, we admire them so much but somehow it's all past history. It's not. It's also true of Detroit; it's also true of Lille; it's true of Berlin. This is not the 19th century; this is modern local government in most places on earth. It's just not the case in England. I've just been in Edinburgh. Even in Edinburgh you sense the beginnings of a stirring of a sense of autonomy. They're going down the Calman route rather than the Hughes Hallett or the Basque route, which is a pity, and most of their energy goes into shrieking at London, as Tony said. But nonetheless there is emerging in Scotland a sort of sense of non-metropolitan identity.

The great question, which the Chairman mentioned, always comes up with this, "But have you met these people? They're no good. You can't genuinely believe the people of Birmingham or Liverpool are competent to run their cities any more", to which the only response is: why were they once and why are they in every other country in Europe? Is there something uniquely idiotic about English civic leaders that they're incompetent to set a rate? It's going to be quite bloody, because this has been going on for a quarter of a century now and the prospect to many people, including many people in this Parliament, of allowing the people who they used to be, but are now not them, back in their city to set a rate horrifies them, but you either go there or you don't.

Q79 [Tristram Hunt](#): On that interrelationship, some of us are getting very sweaty about the reduction in the number of MPs from 650 to 600. If we were really going to take our paws out of local government, should we be down to 400 or something?

Sir Simon Jenkins: I don't think you're going to do it. To my mind MPs are elected mayors; they are the modern elected mayor. Basically, people bring you the kinds of problems that in France they take to their mayor and the reason why MPs have become so much more localist in their own outlook is they've become the only elected person anyone has ever heard of in the community. So you've so distorted the relationships within public administration to the centre that it's difficult to answer your question. I just think we do elect very few people in this country, compared to most countries, and we're under-represented, we under-elect and we're not very democratic. As far as I'm concerned the more the merrier.

[Chair](#): I don't know whether our Edinburgh councillor would like a shriek, just briefly. I'll come back to you, Sheila, later but is there any quick response to Simon?

Q80 [Sheila Gilmore](#): It seems to me that the money thing is hugely important in terms of real power. Interestingly, what we have seen in Scotland in the last few years-I don't know if you want to comment on this-is while the Scottish Parliament has emerged we have seen a tightening of the power over local authorities, through the process of writing a concordat but nevertheless ultimately wielding the purse strings. This year, for example, we've just been told, "Right, you can have this level of cuts if you do this and it will be much worse cuts if you do that". There is no real partnership in that, I don't think.

Sir Simon Jenkins: The untold story of devolution is what has happened to local government; it just is. I know Wales better than Scotland. Local government in Wales has been all but wiped out, and it just goes to show that whatever body is assigned some degree of accountability will treat its own subsidiary bodies just as badly as they were once treated.

Professor Travers: That is an argument for codification. Were we to go down the route of codification, which I think would be a good idea, it would inevitably have to address the "within Wales and Scotland" issue, certainly if it was genuinely constitutional, and that would be more difficult because of the devolution to Scotland and to Wales. I think that within the devolved countries there would be an issue of how this would all function, which I'm sure the Committee will have to address at some point. But even within local government there are parishes, and as we all know the relationship between parishes and counties is not often that friendly. County councillors often have views about parishes. So I think, in a sense, the codification that you're discussing would have to embrace the "within Scotland and Wales" issue as well if it's to work. I agree with Simon.

Sir Simon Jenkins: It's lunacy. In Wales you cannot plant a begonia without getting permission from Caernarfon 50 miles away. It is absolutely absurd, and this is unique in the history of government worldwide what has happened in Great Britain.

Q81 **Chair:** It's rather unusual that, at the European level, it seems there are directives on just about everything but there isn't any push on the word that appears in many European documents: "subsidiarity". You can be told what sort of cheese is Stilton and what cheese is made three miles away and is not Stilton, and yet effective democratic rights, there doesn't seem to be any push from the European level to say we ought to have certain rights given to local councils and others appropriately to regional levels. That concept of subsidiarity is a bit of a dead letter when it comes to enforcement, it seems.

Sir Simon Jenkins: I thought it was in the various treaties and the British Government redacted it. I may be wrong here, but I thought the British Government had declined to implement whatever it was in the treaties that applied to subsidiarity.

Professor Travers: It did sign the European Charter of Self-Government, didn't it, or whatever it was called?

Sir Simon Jenkins: Yes, eventually.

Professor **Travers:** But I think, to answer the question, without wishing to aggravate the cheese lobby, you might argue that the reason that Governments have been more relaxed about allowing cheese to be regulated than democracy is that the Government do democracy and government and they're more interested in it and that cheese is safer.

Sir Simon Jenkins: They don't make cheese.

Professor Travers: They did once. Lymeswold was a government cheese; Lymeswold a government cheese?

Sir Simon Jenkins: Lymeswold, Sir Peter Walker's cheese, yes.

Professor Travers: But generally they don't make cheese and I think that probably explains why, although it's not a good thing, the willingness to regulate and to push-you know better than me how

this place would react if Europe, however defined, were to start to try to regulate local government. I only need to say that to see the kind of convulsive reaction it would produce in some parts of Parliament. It doesn't mean it's the wrong thing to do but I think it's easier to deal with cheese than with democracy in that sense.

Sir Simon Jenkins: The British Government would be more likely to give the Falklands to the Argentinians than to give Leeds back to the people of Leeds. It's totally embedded here.

[Chair:](#) I think it might be useful to dig out the references on what was and what wasn't derogated, in terms of subsidiarity. I think that might prove quite helpful because, again, if we're feeling towards codification we have the European local government thing and we have the concordat but if there's something else out there that we could get a fix on, which is commonplace in every other Western democracy, that might be a useful peg for our codification steps. Andrew, was it specifically on this?

Q82 [Mr Turner:](#) It was, yes. One of our witnesses mentioned the number of electors and there are some figures here, like France 116 to one and Italy 397 to one and UK it says 2,605 to one. Does that include parishes and if not why not?

Sir Simon Jenkins: It's a famous figure that I and everyone, I think, quotes an awful lot. It doesn't include parishes. I think the definition is the number of representatives with administrative powers, in other words proper councils.

Q83 [Mr Turner:](#) What is wrong with parish councils?

Sir Simon Jenkins: Nothing wrong with parish councils, except if you compare a parish council's powers with a commune's powers anywhere else in Europe they are not substantive, they really are not substantive. So, quite rightly, I didn't regard a parish councillor as the equivalent of a member of a French commune council, which can raise a tax, for instance.

Q84 [Fabian Hamilton:](#) Simon, I liked your Marbella beach description and I think it's absolutely true, because there are very few people who know or would identify with Kirklees but they would identify with Huddersfield. So that's an absolutely true description. You mentioned the city of Leeds a few times. I'm a Leeds Member of Parliament and a former Leeds councillor, and I would dispute that some of the quality of our leaders was poor. In fact, two of them are Members of Parliament and several Leeds city councillors became Members of Parliament at one time. But nothing underlines the situation that you've just described more than the fiasco we had with our Supertram project: £230 million to start three tramlines in Leeds and yet that was turned down in favour of the ticket hall at King's Cross St Pancras, which was deemed to be far more important, which I would dispute of course. But my question is this: can you have codification of the relationship between central and local government without having a written constitution? Discuss.

Sir Simon Jenkins: I wasn't commenting on the leadership of British cities. I was saying that is the argument used for not giving them power.

Q85 [Fabian Hamilton :](#) What does it say about our MPs then?

Sir Simon Jenkins: Okay, fair enough. Sorry, a written constitution and codification are to my mind one and the same thing. Codification is the writing down of powers, supposedly to bind a future Parliament. You can't bind a future Parliament but you sort of pretend you do with the Parliament Act, and so on. Those of us who feel very strongly on this subject realise that unless you do

effectively have a Magna Carta, or a Statute of Westminster, you're not going to make any progress at all because there will always be an election in the offing and someone will always say, "I intend to cap local rates".

[Fabian Hamilton](#) : That's Andrew's point.

Sir Simon Jenkins: Yes, absolutely. I now am a total convert to a written constitution, which includes the codification of powers to subsidiary democracies.

Q86 [Fabian Hamilton](#) : In doing that, and we've already mentioned whether that codification should start where we are at the moment or whether it should start from a clean sheet where local government raises 100% of its local revenue. As Professor Stewart said last week, I believe, in giving evidence here, you can have true local government-I don't know, Professor Travers, whether you agree with this-when your local authorities raise 100% of their local revenue, in other words a complete devolution from this place and from Whitehall. Is that possible in our system?

Professor Travers: It's possible for some authorities. The way our system has evolved-and this all goes back to the Webbs, and Sidney Webb's work on equalisation and so on, guaranteeing local services-we've evolved possibly the most sophisticated and indeed complex equalisation system on the planet, and I think that is very, very, very embedded. I think there are very few councillors or MPs in any party who honestly believe we couldn't do without it. Indeed, most countries have elements of it, in fairness, although not quite on the sort of level of complexity that we've ended up with. So long as you have equalisation grants it is almost impossible. It is mathematically conceivable you could come up with a system that got you into a world where it appeared that authorities were 100% self-dependent, raising their own money, but in the end they would have to be equalised in some way. Of course, for many authorities, and it would almost certainly be true of Leeds or the Leeds city region, they would be able to raise all the money they need to fund their local services from council tax and business rate but they don't get the business rate. So, for some places it would be possible. Clearly in some places, particularly in London, they get more than 100% from those sources.

Then you're into an issue of whether you could have an automatic equalisation arrangement-a visible and transparent one-that left some places in the position that they could indeed fund themselves. I expect Nottingham would probably be in that position, and Leicester as well, conceivably, and possibly the Isle of Wight even, but there would be places where it wouldn't work because they would need central support. Now, could you do that differently than through a complicated grant system? Yes, you could. You could do it through a more transparent inter-area transfer arrangement and that would mean that some places could become, in effect, dependent purely on their own local tax resources. Perhaps many could. You would have to investigate it in more detail.

So it would be possible to get to a point where a significant minority, possibly more, of authorities could raise all the money they needed from council tax and business rate to fund their existing local spending, particularly now education has gone. So it could be done. Question: will the Government's review of local government finance look at that? I don't know.

Sir Simon Jenkins: I think it's "the" question. If you look at the discussions in Scotland surrounding the new financing of the Scottish Executive, the Hughes Hallett minority report on the Calman inquiry, which I think is a deeply interesting report, is basically going down your route, it's shorthand for all these things: it's the Basque option. The Basque option is basically Scotland is on its own: it raises its money; it spends its money. It doesn't really matter if Scottish schools are

worse than English schools. That's Scotland's decision, but there has to be a top slice for common UK services: defence and foreign policy. Under that proposal you just allocate the VAT. So you take an absolutely simple tax, which you pay to London.

I think that's not acceptable in England; that will not wash in England. You have to find more sophisticated ways of doing it, of which equalisation is one of the big issues. But for goodness sake, every other country in Europe handles this. One of the arguments for lots of different taxes locally, which I feel strongly about, is that you can start playing with them. You can top slice an income tax, so use income tax as a rate equalisation mechanism as they do in Sweden. It's not rocket science, to use a cliché. It's all doable but there's a kind of complete wall against doing anything at the moment.

Q87 [Fabian Hamilton](#) : But in New York, for example, as I understand it, doesn't New York City take a different purchase tax to New York State, and obviously New York State is different from all the surrounding states? It's not a problem with them. Why should it be a problem here?

Sir Simon Jenkins: Mention that to the Treasury and they say, "Oh, people are going to be moving backwards and forwards across boundaries buying cigarettes". Well, they don't.

[Fabian Hamilton](#) : No, they don't.

Sir Simon Jenkins: The refusal to look overseas for examples on this subject is pathological.

Q88 [Chair](#): Just to pick up Tony on a very minor detail. Obviously, when we're talking about equalisation and help from the centre, the centre is drawing that money from the localities anyway in income tax and the rest of it. So it's possible to have exactly the same equalisation that we have now, but instead of it being based in the Department of Environment, or whatever, it could be based with a collective of local authorities. Precisely the same people, precisely the same measures, but it would be outside of central government and so the equalisations would be carrying on just as now but within the local government framework rather than-

Sir Simon Jenkins: Audit commissions.

Professor Travers: There's no doubt it could be handled by an independent agency or a local government-controlled agency within rules set by Parliament; of course it could. But you're absolutely right, for many parts of England-if you put it this way-the total amount of the taxes paid by the city or county will be equivalent to the amount the Government spend on them. The only thing that is happening is all the money is going up to the Treasury and distributing power round Whitehall so that those people make the decisions about how the money is spent in Epping Forest, not people in Epping Forest. It is precisely as you described. There would be places that would need support. In Germany, as I understand it, it's done by a visible interregional transfer system and everybody understands it and indeed signs up to it within the terms of the constitution. So, these things can be codified; even equalisation can be codified in a constitutional arrangement.

Q89 [Chair](#): If it is the wish of the central government to pursue a particular policy, as in the United States, for example, in addition there can then be federal grants, for example for the Head Start programme. It's perfectly possible for a political decision to be made by central government that they will supplement; not that they will replace local government but they will supplement programmes that are already being undertaken by lower tiers of government, and Head Start is just one example. So, it's not you are forever ruling out central government assistance on particular things that are of very great political import to them.

Professor Travers: And indeed we have such an arrangement in the United Kingdom today, don't we? Because although devolution has handed lawmaking power-although not yet tax-raising power-to Scotland, the UK Government decide to spend certain items of money in Scotland on, say, defence procurement. It will decide that it needs to buy things and will fund them in a particular way outside the general drift of public spending.

Q90 [Mrs Laing](#): Very much on that one. Is it not the case that Scotland does have tax varying powers of 3% but has not used them, and do you have a theory about why that happens? The Chairman mentioned giving freedom to people who don't want it. Scotland wanted freedom and has freedom but doesn't use the tax varying powers.

Sir Simon Jenkins: As you will be aware, Scotland is about to have 10p in the pound tax varying powers. They haven't used the 3p in the pound; why they should use the 10p in the pound, goodness only knows. Not only that, but the subvention is going to be cut by the yield. It beggars belief. I think the concentration on money is right but-just coming to the point that the Chairman raised about the role of central government in local service delivery-it's no surprise to anyone who has studied this subject that every single time central government takes an initiative of that sort the overhead is two, three, four times what it is when local government does it, and in America it's 10 times. America is a bad example of central initiatives for local service delivery.

Q91 [Sir Peter Soulsby](#): You describe what sound like pretty overwhelming cultural barriers to codification, a codified settlement: the lack of trust of the centre for the local; the pressure on the centre to move against the postcode lottery syndrome and to seek to smooth out local differences in services. We've seen an example of it again this morning when we've been looking at NHS outcomes. Given what you've described, and I think we're aware of, it's not surprising, Simon, that you are particularly gloomy about the prospect for any real change. I just wondered if you think there are ways in which that culture can be undermined and changed, perhaps to pave the way for a code?

Sir Simon Jenkins: Well, there was the Battle of Lewes; there was Marston Moor; there was Edgehill. There are ways of doing it.

Q92 [Sir Peter Soulsby](#): It's something as dramatic as that, is it?

Sir Simon Jenkins: Short of riots in the streets, I've given up. I really have. I think-

[Chair](#): Just as we're getting started, you're giving up, Simon.

Sir Simon Jenkins: France is very interesting, because in France it did require basically a revolt of the cities. In America it required Reagan; it may require the Tea Party. Whatever it is, in my view it's abundantly clear, with great respect, it will not emerge from the process we're engaged in now. It won't happen.

Q93 [Sir Peter Soulsby](#): So what you're suggesting is we need a ground on which to fight a big battle?

Sir Simon Jenkins: Yes.

Q94 [Sir Peter Soulsby](#): Rather than just describing what is desirable?

Sir Simon Jenkins: As Tony said, it has happened. I studied in some detail the process in 1997 when some of us on the commission for local democracy went to see Blair. We argued the case for elected mayors. We argued the case for powers of general competence and so on. Tony Blair bought it. He said, "I think it's a great idea. It will help me smash local Labour parties"-was the phrase he used-and I remember saying, "It won't happen unless you put it in the manifesto". He put it in the manifesto. He did it, devolution, the lot, in year one. I remember him saying some time after that, "If I hadn't done it in year one I'd have lost" because the system was beginning to move. The Treasury, the whole system was moving against it.

The way you do it is you knobble an opposition, you force it into the manifesto and then you shame them into doing at least some of it, and that's the nearest to bloody revolution I've come to.

Professor Travers: I'm just a little more optimistic than that, in the sense that we did have the Scotland Act, the Wales Act, and Northern Ireland has gone through something similar. I think it's not unimaginable that there could be a sort of "England Act" that sought in a once and for all way to create a constitutional devolution settlement within England for local government, possibly subjecting it to a referendum, which would give it the quasi constitutional status that the Scotland and Wales arrangements have given to Wales and to Scotland. In the end, as we all know in this Parliament, it could all be uprooted by a vote tomorrow and the whole thing repealed and everything run from London again. But it's not very likely to happen given the constitutional locks and guarantees and the way it was done.

I do think such a thing could be done for England. The present Government are being incredibly radical in many ways; one of the most radical Governments I've seen possibly ever. So would the idea of codifying and setting a new constitutional relationship between central and local government be any more radical than some of the other things the present Government are doing? I don't think so. So, I don't think it's unimaginable and it has happened within all our living memories for Scotland and for Wales.

Sir Simon Jenkins: I totally agree. There's a real opportunity and it could have happened, and the date for it happening was between May 2010 and September 2010 and we've missed it.

[Chair:](#) Sir Peter, have you finished?

Sir Peter Soulsby: Yes.

Q95 [Stephen Williams:](#) We've talked about the finance of local government and to some extent the powers, and I just wonder about the model of local government that we have in this country, because Tony mentioned city regions, which provoked me to think about Bristol as with Leeds. I was an Avon councillor, a Bristol councillor. I'm now an MP, so I've been elected to every level it's possible to be elected. In Bristol we had our charter in 1373 because we gave Edward III some money. The boundary was altered in 1835 and then last altered in 1918, whereas Bristol has changed beyond all recognition since 1918. If you're going to codify local government's powers and finance, do you not have to settle on a model, including the geographical units as well?

Sir Simon Jenkins: I think you do. One of the many tragedies of this whole debate is we had quite a good model in the middle of the 20th century. I think when RedcliffeMaud tried to tear up the map of Britain, it didn't need tearing up; it really didn't. The model of county boroughs, counties and municipal districts was a good model. It always seemed to me to be robust. It reflected people's sense of local identity. There was no need to do it. But, of course, as with all centralisations, they're

never permanent. You're always restlessly trying to change it and we've had, what, two local government Bills a year ever since, more or less.

On boundaries, imagine deciding to change the boundaries of the American states. New Jersey is a bit too small, why don't we merge it with New York? Why don't we put Delaware in with the-these things are inconceivable and they're not really democratic. They're about some fidgety central government desire to do something a bit better here. It just goes on and on and on.

Professor Travers: Certainly, codification would beg this question again. Like lots of things, if you start to write things down you beg questions: should Bristol embrace more of its suburbs, I suspect; should Norwich? Norwich is another under-boundaried city. I think the question then is: is the vast battle over doing that worth fighting at the same time? You end up fighting two huge battles because, as you know, many of the people who live just over the boundary feel they've rejected the city and all the ills of city life and want to go and live there, precisely as a statement that they're no longer in the wicked city. Now, aim off for whether that's a logical or sensible or, indeed, morally just way of thinking; that's how people think. So, I see the point that, in logic and rationality, you've re-boundaried to create nice boundaries that went up to the edge of the urban area, but then somebody, urban geographers, would say, "Ah, but it's bigger than that, it's the travel to work area. It's not just this, it's that". Then you're, "Well, yes, but it's not that it's the city region; it's not that it's the region", and we're back where Mr Turner took us earlier on.

So, I think that that would be taking on too many battles at once. I think codification would beg some of these issues: do we stick with these boundaries or go for something else? It would beg those, because structures and the endless reorganisation of structure has weakened local government as well. But I think that this is an argument for small "c" conservatism in the end. If you're going to go for codification, taking on reorganisation as well as codification would probably be rather too many fronts to be fighting on, in my sense.

Sir Simon Jenkins: You've heard of the great Orwellian city called SELNEC. It emerged from the Peter Walker reorganisation; absolutely ridiculous. Only a genuinely Orwellian central government would have thought of a city called SELNEC: South East Lancashire, North East Cheshire. It's unbelievable. This is the mind with which you're contending at the moment and, as you say, it's the mind of the Crown.

Q96 [Chair](#): If I may, Stephen, before you continue, if local government has a life and independence of its own, presumably it will be empowered to discuss sensibly with its neighbours if it wants to make a change. That is for mature adult local government to decide. Also, presumably if they're capable of raising their revenue, running their own area, presumably they're capable of being allowed to decide their own electoral system or whether they want a mayor or not. This isn't a sort of halfway house. I'm assuming the Government in America, France and Germany can't say to local government units, "Yes, you have some independence but only so far as we approve on certain issues". We are looking at a very different culture here, aren't we?

Sir Simon Jenkins: If you look at America, American mayoralities are all different. There are strong mayors, weak mayors; different models of mayoralty. If you ask why, you get a fascinating answer, which is that it tended to depend on whether the governor in the colonial days was for or against the king. It's as historical as that. In Germany, different control areas in Germany after the war imposed their own local government system. So you've got strong mayors in the American sector. In the British sector you've got county councils. As Tony said, these are facets of history you don't want to go into because so many other things are so much more important than tinkering with this.

Professor Travers: Going back to Mr Williams' question about the Bristol boundary and, indeed, picking up Simon's point, I think one of the other issues codification would inevitably have to pick up is the issue of-very big in America-petitioning, whether it would be possible to create a local referendum on whether part of the Bristol or Leicester suburbs should be brought into the city and, indeed, once you have petitioning of that kind how far it would go. I do think you'd have to pick up that kind of question in a codification because otherwise everything would be frozen forever. So the question of how you change it in a localist way probably would take one down the route of local petitions or local referenda on: what do we do about this particular suburb that's thinking it should or should not come into the city? It's a localist way of dealing with it.

Q97 [Stephen Williams](#): I think plebiscites, Chairman, were usually used after certain wars to decide ethnic composition, although I doubt that people are ethnically the same in greater Bristol.

I was going to follow on from what you were asking, Chairman, about general power of competence. Do you think it would be a good state of affairs if, for the sake of argument, Bristol decided it was going to elect its councillors by single transferable vote, whereas Devon decided it was going to stick with first past the post and Cornwall decided it was going to have AV? Because at the moment they decide whether to elect in thirds, 50/50 or without elections, so that sort of precedent already exists.

Professor Travers: Personally, I don't think there's any constitutional better or worse way of looking at it. I don't see why not. If I can give an example of why I think allowing local freedoms to make decisions of this kind probably ought to be passed, in order to allow these decisions to be made locally-and I probably used this example when I came to speak to some of the members of the Committee before-it's the smoking ban. Had the smoking ban not been introduced all in one go in England in 2007, but had permissive legislation been passed in 1997 saying, "Councils are free to impose a smoking ban when they wish", then I would guess in 1997 about half of them would have done it and half of them wouldn't. Then we'd have found out early on whether it worked or not, and then we'd have seen some moving one way, some the other, experimentation. It would all have been tested. But the truth is that the benefits of the smoking ban, if that's what you believe happened, would have been tested out in an experimental way. I don't see why we can't do that with other public health and other democratic facets, frankly.

Q98 [Mr Turner](#): The same is true, I take it, of the option to move out of Bristol if you are particularly nice-

Professor Travers: I think it has to be symmetrical. Yes. I'm afraid it would have to be symmetrical.

[Stephen Williams](#): Clifton would go to Somerset.

Q99 [Fabian Hamilton](#): We had a very good example of this in the 1980s in Leeds because the good people of Wetherby decided that they didn't want to be in Leeds, because they're quite different from the people in Leeds, they wanted to be back in North Yorkshire. However, a survey done by Leeds City Council of the population of Wetherby in the mid-1980s discovered that the services were so much better in Leeds and the rates were actually lower, so they opted to stay as part of Leeds, which is very strange. Pudsey, where I live, which is between Leeds and Bradford, bitterly resented in 1974 being taken into the new Leeds Metropolitan District when the county borough boundaries expanded. Anybody over about 55-where does that put me, because I am 55-actually regards themselves as a citizen of Pudsey, not of Leeds. So that localism pervades, and yet being a part of Leeds City Council has made a huge difference to that tiny little town, which couldn't be self-governing, it's simply not big enough. I just wonder what your view is, how you would treat

those areas like Wetherby. Harrogate is too big, but Wetherby, Pudsey, these small little towns that were once independent and are now part of larger districts, presumably like Bristol, like Leicester, like Nottingham, that actually still crave that self-government and those town mayors.

Sir Simon Jenkins: Well, two things: one is I don't necessarily think that the quality of services or the level of the rates is the sole determinant of one's local identity. Slovakia wouldn't have gone independent if that was the case.

[Fabian Hamilton](#) : True.

Sir Simon Jenkins: Secondly, there's no settlement so small it can't be selfgoverning. If I may say so, that old fallacy has been the root of so much of the trouble we've had, endlessly saying we have to reorganise this because it's too small to be viable. Anything is viable.

There is a fascinating debate in Scandinavia with the free commune experiments. The free communes were produced on the back of a passionate movement-you can now call it "the Tea Party movement"-to allow local, basically more prosperous communes to opt out of the welfare state. They don't get any expenditure. They don't pay any taxes. They have to look after themselves. It caught on. There are thousands of them, but it hasn't really taken off. It caught on but it hasn't taken off. The reason is the resistance to it is so great, but there's a good tension. The option is there for a local community to vote itself. The one power they all wanted to have repatriated to their village or town was the clinic. They wanted to run their own health service, and they just didn't trust the state in that central function of healthcare. It's ironic; it's the one thing in Britain that's the most nationalised.

Professor Travers: I do think that this discussion begs the question: were local government to be reempowered and given a guaranteed capacity to tax, and so on, it would then possibly-and this would have to be encouraged, I guess-make it possible to envisage a more self-confident version of town and city government thinking about-let's not use the word "parish"-arrondissements within Leeds. Let's use some word that aggrandises the concept. I'm not sure whether Pudsey would want to be an arrondissement of Leeds, but you'll know that better than me. But you can see the point. I think why stop? Leeds is 700,000 to 750,000 people. It's a very big place. Why not arrondissements? If the Leeds City Council felt selfconfident that it was guaranteed its powers in the taxraising capacity, it could make its own decisions about its own trams, raise its own bonds, all of these things, then with luck some of the cities would think, "Birmingham, 1 million people, perhaps a bit too big to do everything at this scale. Do we need community boards or arrondissements?" or whatever it is.

[Fabian Hamilton](#) : Area committees.

Professor Travers: Whatever, however it's done.

Sir Simon Jenkins: Can I just say, this argument has been liberated, or should have been liberated, by competitive sourcing, tendering and privatisation. I can remember back in the Redcliffe-Maud days, someone put together the concept that the most purposed tier of local government had to be subject to what was called "the clarinet test". It's like the Marbella test. The clarinet test was: can it afford a clarinet organiser in its school service? So you end up very quickly with a 1 million population for a local authority unit. It didn't occur to anybody to say, "We could hire one from the next door authority". "We have to have our own clarinet organiser." It was as absurd a discussion as that and it still dominates this debate.

Professor Travers: Of course, this is why it is French companies that have been so successful in cleaning our streets, because the French Veolia, and other companies, got their economies of scale in France; the communes gained economies of scale by contracting services out to big companies. It's those companies that have been able to move into the British market and end up winning so many contracts.

[Chair](#): I'm going to ask Stephen to ask a question, then I'll come to Sheila, but I will again kick off that seed of the steps to codification, whether it may never happen. Just for the sake of helping us with our report, I'd like to pick your brains on that, but firstly, Stephen.

Q100 [Stephen Williams](#): First of all, just as an aside, Bristol has devolved power down to neighbourhood committees-rather than arrondissements-we call them, with real money and real power. But I was going to pick up on what Simon was saying about no unit is too small and just to challenge that. Would you really say that not clarinet organisers but child protection, for instance, should be dealt with by a very small council? There must be some areas of personal safety where you cannot have such a small unit that a job could be competently done, otherwise you might have people checking up on their neighbours.

Sir Simon Jenkins: Well, I think personal safety, like policing, is one of the most local of all public administration activities. I know both in my part of London and in Wales one of the things that's decivilised-if I can use the proper sense of the word "civilised"-the community, is the disappearance of local figures of semi-authority: the local policeman, the local doctor, the local head teacher, primary school teacher. These functions have just gone and they've been replaced by a policeman in a car. You can see it, you can see the way in which whenever something goes wrong in the community, a family goes bad or it might be a child protection issue, someone telephones the police and-sometimes apart from a sainted parson of some sort-there's nobody locally who's there to act in a position of semiauthority. I just think that the issue is not the perfect size of a local authority; it's the way in which the people in that community see what they need. They need someone whose name they know locally. So few people can name someone locally to whom they can turn if they're in trouble. We've ripped it out.

Q101 [Stephen Williams](#): That isn't their local councillor?

Sir Simon Jenkins: It might be, but in my experience the local councillors tend to say, "Awfully sorry, there's nothing I can really do". The authority is so distant, or it's the cuts.

Stephen Williams: Go and see your MP.

Professor Travers: To come back to a point that was discussed earlier, one of the reasons why Members of Parliament have ended up with this councillorcomecitizens advice role is that, at some level, because of centralisation, a lot of the decisions genuinely are made in Whitehall. You will know better than we do that a lot of your casework will be forwarding a letter from a constituent to a civil servant in Whitehall who is the person who can give you the definitive answer to the complex benefit question. In a sense, centralisation has produced that as well, and the councillor has no chance. The councillor wouldn't be responded to, with respect, whereas you will. You will always get a response from a department of state.

[Stephen Williams](#): Eventually.

Chair: My most popular annotation on my letters is, "Refer to the Minister for comment before replying".

Q102 [Sheila Gilmore](#): I think the money thing is hugely important at all levels. Having been on a council that endlessly talked about devolving power downwards and set up a structure, but then in the last few years has failed to give it the money so the structure just is a talk shop, so obviously money is important. But there's also a bit of a selfdenying ordinance here and maybe codification would help, because I think part of the overlap is legislatures wanting to do all these things. That happens in the Scottish Parliament just as much as it happens with Westminster. They want to have a policy on education; they want to improve education. Most of it is logical stuff: we want to drive up standards; we want to reduce inequalities, we want to do all these things. So they see it as part of their remit and the money kind of follows that along. Presumably if we want to change that, we have to change the things that people do and then stick to it. So, for example, for Westminster that would substantially change the issues that we would take a role in. Do you think that's something that is feasible?

Sir Simon Jenkins: I'm entirely in favour of codification; I just don't think it's going to happen. If you want me to say would I be in favour of a written constitution? Yes, yes, yes. Write it down. Let's get it in the book.

Q103 [Sheila Gilmore](#): Do you think it is a kind of self-denying ordinance, in the sense that people would have to give something up, not just the money?

Sir Simon Jenkins: Yes.

Professor Travers: In Westminster?

Sheila Gilmore: Yes.

Sir Simon Jenkins: Or the Scottish Parliament.

Professor Travers: Well, in Westminster there's no doubt that codification that made clearer what local government was there to do would leave Parliament discussing fewer things, and that has happened. You know better than me that Scottish and Welsh devolutions worked in that way. Most Scottish issues are not now discussed on the floor of the House of Commons here. Some are, but most aren't.

Personally-and this is not my own idea, I picked this up from a Member of Parliament some years ago-one simple way of shifting this balance would be, of course, for the Speaker of the House of Commons to deem some matters that were local to be out of order to be discussed in the House of Commons. That would be a very cheap and cheerful way, actually quite interesting way, of ensuring power shifted back localwards, although that's probably a bit too easy.

Q104 [Sheila Gilmore](#): You could only do that if the executive also has a selfdenying ordinance in a sense, because if you still have Ministers and civil servants doing these things, we need to be able to deal with them. I'm just interested in the money issue because I think you both raised the question of why in Scotland, when we have a taxvarying power, it hasn't been used, so is this back to: people don't really want it? I think probably it's for practical reasons. One is we probably haven't needed to for the last 10 years because money has actually been relatively-you always want to do more-but has been relatively plentiful, so in a sense it's not been the issue, and we do not have a political party in Scotland of any description, I have to say, that seems to take a taxreducing view of the world. So, the idea of varying downwards hasn't actually come up. But I think it's partly because that isn't the real power in perhaps the Calman proposal, because they not only give a 10p in the pound taxvarying power but by taking away money you wouldn't have much choice but to use your

power, unless you take it right down. Whereas this was a bit tokenistic, looking back on that now. Although we argued about it and we all made this great fight for taxvarying powers, actually it's not.

So I think it could be very different, and obviously the Basque model would be real power. Interestingly, I think that would change the nature of the Scottish Parliament in a way that hasn't happened, because one of the criticisms in Scotland is that it behaves-irresponsibly is wrong but it feels able to distribute the goodies without having to really think about it.

Sir Simon Jenkins: Well, I regard the Basque model as basically honouring the spirit of 1707, which the Scottish Parliament has not yet honoured. It's basically, if anything, pre1707. It's basically saying, "Look, Scotland is a proper country". It feels like one, it behaves like one, it thinks of itself as one. It's just that there's one incubus, which is the Treasury, and just free it from that incubus. There are many ways of doing it, but Calman doesn't do it; the Basque does.

Professor Travers: At the moment, the Scottish Government have no incentive to build up its own local tax base. That is a serious weakness in the devolution settlement. Certainly, in the Basque model it definitely would. But actually, if we were to take even the Scottish powers, the original Scottish powers, and say in a constitutional codified settlement for England local authorities in England would be free to raise up to a 3p income tax or cut down 3p. There are enough local authorities, primary major local authorities: counties, unitaries, metropolitan districts and London boroughs in England. Undoubtedly, some of them would do it. There's no question. Some would go up, some would go down. It would produce a huge debate where it happened. Even a half pence change in the tax rate, there'd be economists saying, "It's going to produce incentives, everybody will move here, they'll move out of there"; then a city would say, "We're going to be the low tax city". It could be Leeds, could be Manchester, "We're going to be the low tax city of the north". It would produce a debate. It would change turnouts in local elections because they'd be about different income tax levels. So I do think if codification could include the idea of local taxvarying powers, particularly affecting income tax, there would be more likelihood of change than there was in Scotland. The Scottish Government proved curiously conservative, dare I say it, in this regard and I doubt every local council in England would be so conservative.

Q105 [Chair](#): Just to take you back to the Speaker, the Speaker, of course, rules out of order-and I've been a victim of this-questions to the Secretary of State for Northern Ireland on child welfare matters, for example, or on Scotland and other matters. But he can do that because there is a very clear description of what those powers are. So, presumably, he couldn't do it on a whim, he would have to refer to, "Actually, local government in statute has responsibilities for that and that is not the responsibility of the Secretary of State for Environment or Local Government or any other Secretary of State. Indeed, we will not allow the question to be tabled in the first place and I will not allow an oral question", rather like when he stops people at Prime Minister's Questions asking about party political things that are not the responsibility of the Prime Minister. So, having the founding statute there for him to refer to has to be the first port of call, then.

Professor Travers: I know this is not the right way round for Select Committee hearings, but can I ask the Members of the Committee a question? Can you think of examples where under the current system the Speaker has ever ruled out of order a question on a local matter?

Chair: I can't because it is perfectly legitimate to ask on matters for which funding is nominally, at least, granted by the Westminster Parliament and, therefore, there is this line of account through Ministers. Now, do Ministers ever answer those questions? That's a whole other debate. Simon.

Sir Simon Jenkins: There is a parallel example, which is nationalised industries and public corporations. Under the Morrisonian arm's length rules, these bodies were formally-it's a bit like the police in operational matters-they were formally freed from ministerial oversight for their operations. The history of arm's length in all areas is absolutely fascinating because it's a wonderful test bed for the psychology of centralism. But it was very interesting that when the British Railways Board was set up and then the British Railways Board ran the railways, the Minister would only answer questions about the financing of the British Railways Board. He would never answer questions about train times for very, very good reasons. The last thing he wanted to do was to be blamed for the train being late. Since privatisation it's been fascinating.

This morning I heard on the radio the Secretary of State answering a question about overcrowding on a train, and he thought it his responsibility to reply. In other words, the magnetism of potency is absolutely relentless. Even when you supposedly privatise an industry, even when you've had the whole history of Morrisonian arm's length, still the fact of the matter is they cannot stop meddling and taking responsibility for overcrowding on trains, thank goodness.

Q106 [Mr Turner](#): Yes, but that's because, in fact, it hasn't been denationalised, or rather it's been renationalised since 1997.

Sir Simon Jenkins: No, it's been reincorporated into central government. It hasn't even been renationalised in the Morrisonian sense.

[Mr Turner](#): Yes, I agree, but they are coming to the Government asking for money and that is why-

Professor Travers: Parastatal companies.

[Chair](#): I think that obviously there will be an expectation that people will express opinions, politicians will express opinions. I think that's slightly different from being accountable and responsible on the floor, which Ministers currently are, for the road building programme in my city, or the contractual arrangements around collecting waste in Leeds, or whatever, it ultimately comes back because the purse strings come straight back to Whitehall.

Q107 [Mr Turner](#): One function doesn't seem to have been swallowed up up here but remains local. As far as I am asking questions the same is true, I wouldn't ask questions about planning. Now, why is it that planning-apart from how it is so bloody complicated-what is preventing us asking those questions up here and what is preventing Ministers swallowing it up?

Sir Simon Jenkins: It's so bloody complicated; you gave your own answer. I think it's intolerable. Planning is a fascinating subject, to me anyway. It's fascinating because it doesn't involve money directly. It doesn't involve the expenditure of money by the state. It involves huge local interests and it goes back to the Bible, it's the classic public sector function: to order the manner in which land is allocated for different purposes and to different people. It always seemed to me to be the quintessential local government power. To watch the churning at the moment over whether "communities" should be allowed to build housing estates in fields outside villages, this power is supposedly going to be delegated to them under next week's Act. I just wonder what's going to really happen. But you are right it is the essential local government function. It is interesting because it's one of the things that produces the most tussles between the parish, the district and the county even today.

Q108 [Sheila Gilmore](#): Is it partly because it's quasi-judicial?

[Chair:](#) Yes, I think that's part of the answer. There are some quasi-judicial functions as well.

Can I draw you back to codification now as we come to the last 20 minutes or so? If we are reporting that we think some codification is appropriate, presumably, if the Government were to take our report seriously, there would be some discussion between the relevant parties, that is, central government and local government. Might that be built upon the concordat or some of the European documentation? Where would that process begin? Whether it's going to result in a big bang or a statute or salami guidance, how would you see that process kicking off?

Professor Travers: I think the concordat, which is the concordat between central and local government which was signed-I don't know, was it two years ago, it was some time ago-I think the problem with that as a starting point is that, dare I say it, everybody signed up to it. Because everybody signed up to it, it was an expression of something that all the politicians involved, central and local, thought they would live with and, therefore, didn't challenge them enough, in terms of a real impact on the way they behaved and made their decisions. It's not to say there weren't things in it that would help, but I think in terms of how one might move forward from where we are it might be necessary to find a way of drafting at least part of what this thing might be like, to give a sense of if not the whole of an England Devolution Bill but at least the first part of it. Perhaps some company of lawyers with an interest in this kind of thing could be convinced to do some pro bono work for you in order to produce at least part of the England Devolution Bill. I think unless it's something written down and we can begin to argue about it as a real thing, it's always going to be a bit abstract.

I think you would find there would be people willing to contribute to that and I think it would be a noble cause, but you'd need lawyers to make sure-you might even want to produce a draft part of a Bill-that it felt like the real thing. That would be my kind of starting point. You'll be more pessimistic, won't you?

Sir Simon Jenkins: You'd certainly get an academic to write it, Tony.

Professor Travers: I was thinking of lawyers; pro bono work from our dear friends, the lawyers.

Sir Simon Jenkins: I am very much in favour of the big bang theory because I've written about it, but I think you're right to fasten on England. I think that there is a kind of yearning for something to do with England now to which this Parliament has not been able to find a response, so I think that's a good idea. I feel the last 20 years that particular debate has been completely distracted by regionalism. Regionalism is a top-down or-I'll repeat-Orwellian invention, the southeast Oceania or whatever it's called. It has been meaningless, it hasn't worked and no one has responded to it. It's a device of central government.

In a sense, having disposed of regionalism, you then come to our best beloved counties, and I think it would be very interesting to codify a new settlement between the Westminster Parliament and county government and city government-these two great entities of the geography of England-in which you just do say, "It is now time to move on. We want to find powers that are appropriate to this sort of unit of local government and we think they'd look something like this".

Professor Travers: Another possibility, Chairman, might be not to have a pilot but to try a real experiment. I don't know if this would fail rules of hybridity, but to try because the thing that clearly spooks Governments of all parties is the sense that if they were to allow a big city, or a county, freedom that the whole thing would collapse and disaster would set in and ruination. The fact that there is historical evidence that municipalities competed standards upwards in the 19th

century. We've seen-going back to the tax thing-Scotland didn't use the tax powers it was given. It was not reckless. We've seen with the business rate supplement introduced in England only London has used it, no other authority has chosen to use it. We live in an era where politicians are afraid of pushing up taxes, so it's no longer the case that giving local or national governments greater freedom that they'll all recklessly put up their taxes. We're in a completely different world and, if anything, they'd start to compete downwards. They'd compete downwards, not upwards, because they'd think that was the way to get more jobs. You can see this in the debate about the future of poor Ireland. In the end, it's all about holding taxes down, particularly for competitive purposes. Why would that be different? It wouldn't be different in England. So I do think it's not hybrid in the terms of legislation. Perhaps this could be tried in one county, one city and one unitary, or whatever it is, to see if it worked, to see if the skies really do fall in.

Q109 [Chair](#): Going along either or possibly both of those tracks, a pilot or an agreement, which is the basis of codification, presumably you would feel that were we to recommend that be put in statute that that would be one way of at least giving it a chance of being embedded, rather than it's just executive fiat that we're going to give this a try?

Professor Travers: Yes. I do think-and Simon referred to these earlier-we do have laws that are in effect constitutional. We don't call them a written constitution, but the Parliament Act is a good example of a law that is in effect a part of a constitution, although it's not called that. I think, generally, we change those kinds of pieces of legislation with greater care than we change other forms of legislation. So I do think it would be possible to imagine passing legislation that was more constitutional for England along the lines of delineating the central/local relationship, and I would consider issues such as backing it up with a referendum about whether or not the public actually wanted it, because the referendum would then give it a degree of gravitas and seriousness that worked for Scotland and Wales, made those changes almost impossible to unravel again.

Q110 [Chair](#): But, as we all know, referenda notoriously become referenda on other issues than the one in front of the public at that given moment. I'm looking at Simon and his view that the only way a centralised society decentralises is by the centre saying, "We're going to decentralise".

Sir Simon Jenkins: Yes, or bloody revolution.

[Chair](#): That would be option three.

Sir Simon Jenkins: Yes, option three. Don't forget the curious potency yesterday in the street. But I think, picking up on Tony's point about-because it is a much debated topic-what is a constitutional statute? There's no such thing. Everything can be. The normal pattern now is it has to be agreed by everybody in Parliament, all parties, or it has to be backed by a referendum. In some sense or another there has to be a consensus surrounding it. The Parliament Acts were bitterly fought, but once they were passed they curiously entered into the kind of constitution of Britain. The reason why I'm for big bang is I think that you have to say to the public, "This is a completely new dispensation. We're not just tinkering with the Rate Support Grant. We're actually proposing what David Cameron said he would in opposition, which is a new deal between the centre and locality, and it's going to look like this". I think otherwise be radical.

Q111 [Tristram Hunt](#): You don't think the moment is lost? The six months between May and September.

Sir Simon Jenkins: Yes, September has gone, hasn't it? September has gone.

Q112 [Chair](#): Well, we started our review and just got under the wire, I think. One other thing, looking at how we would make this stick, I raised this with the two professors last week. The Parliament Act itself. As you will know, the Parliament Act allows the Second Chamber to intervene in only one area and to veto in only one area the view of the House of Commons and the Government, and that is the extension of the length of time a parliament may sit. It has an absolute right to refuse to entertain that, which is a great constitutional safeguard. That's point A. Should there be a point B in the 1911 Parliament Act as amended, to say that the Second Chamber may also intervene if the rights of local government-as defined wherever-themselves are under threat from a majority in the First Chamber or the Government of the day? That is short of a written constitution but nonetheless is another safeguard.

Sir Simon Jenkins: I think I'm right in saying that's in the Lisbon Treaty, which we've signed, that Europe can intervene if a national Parliament offends the rights of subsidiary bodies. But anyway, I'm entirely in favour of what you're suggesting.

Professor Travers: I agree. I think I'm right in saying that the Communities and Local Government Committee in its report in the previous Parliament and session recommended a joint committee of the Commons and the Lords to oversee the central/local relationship. I think a committee of both Houses that was seen to have a constitutional remit to oversee the relationship, possibly to report periodically on that relationship, would assist in sustaining whatever codification had then been created, whatever balance had been created, yes.

Q113 [Chair](#): To go back to where I started, which is: within some form of codified settlement, what would be possible within that form in respect of local government finance?

Professor Travers: At the very least-and this is at the very least-I think the codification to mean anything would have to guarantee the unfettered right to set a local tax, that is, the end of capping; and, indeed, not moving to a referendum-based system instead. At the very least, it would have to be the unfettered capacity to set a local tax with the presumption that elections would be the way of deciding whether or not the councillors were behaving reasonably or not. So I think that would be the very least. But codification could also, and in my view should also, include the presumption that local governments should raise no less than half of their income from local taxation. I think that would be another rule to be built in. Mr Hamilton made the point about: should it be 100%? Clearly, in theory it should be, but I think for codification purposes building in the idea of at least 50% would be an important element.

Then, thirdly, I think this is a much bigger issue but it would have to include the idea of there being more than one local tax. It's true that the UK is very unusual-in Scotland and Wales, as in England-in having one local tax. In Scotland now in effect the tax has been frozen for several years. It's about to be frozen in England, and the reason it gets frozen is that the one tax local government has is a very visible tax, and also a good tax in that sense, and people notice what they're paying. There's absolutely no reason why there shouldn't be another local tax that people were also aware that they were paying in a way they're not for most central taxes. So I think those would be the elements of the codification: more than one tax, at least 50% of income, and no capping.

Q114 [Chair](#): Simon, as I begin to form this report in my brain, option one, of course, will be big bang, but let's just have a look at option two, which is the one I've asked Tony to comment on. Where would you see that balance on local government finance? Would you agree with the points that Tony has made? Would you go a little further or not so far?

Sir Simon Jenkins: I agree with what Tony said. You have a problem if you go above 50% with rate equalisation. Equalisation is a very important principle of local government finance within a nation state. You have to have some equalisation system in place. It's most easily done with local income tax because it's considered fairest that way. I don't know whether you want to think about these things when you're codifying, but these are considerations you have to take into account. The same with business rates, you have to have some equalisation of business rates.

The thing I very strongly agree with Tony on is plurality of taxes. In Catalonia they've got about six taxes they can play with. I think New York has eight taxes they can play with. There is one second tax you have in this country, a savage tax, and it's parking fines. It's a major part of local finance now and it is completely out of hand because it's the only one that's discretionary. They want to increase it to £200, £300 a car. This is penal taxation. Yet they've run riot on this because it's the only one they have any sort of discretion over. It is so much better if you give them powers of general competence and powers of general freedom to levy taxes. I think it's very interesting if you follow this debate in places like Germany, they're arguing about this, too. They're always saying, "We have to cap the rates. We have to stop people spending more". The pressure on central government to dominate localities is universal; it's just that they're much better at resisting it.

Q115 [Chair](#): Just to push you both a little further, historically local government was able to borrow on the bond market. It could do so in order to create our sewerage systems, our light, our gas, our electricity. Certainly these were the big engines of Victorian England. We forget that, and sometimes we just think it's what we know, which is local government as agents at the centre. Would you also think that within a settlement, within a codification, that there should be something about the ability of local government to trade against its own credit rating, perhaps with a balanced budget provision so that it couldn't go berserk, but also with a market discipline of its credit rating so that local government could borrow against its assets or through partnership making?

Sir Simon Jenkins: Every country has this problem. The Public Works Loans Board became, in effect, gilt-edged stock. I think there's no way of not regulating local borrowing, you have to have some regulatory framework for it, but it shouldn't be nothing. At the moment it's nothing. I think that to allow some degree of flexibility into borrowing is a good idea, yes.

Professor Travers: I think that, at a risk of straying into other parts of political and economic debate, there's no doubt that local authorities in Britain are in a very robust place economically compared with many nation states. British local government has always been cautious, never defaults on payments, never defaulted on any payment. Even as of today it does have outstanding debt, of course, but it has very significant reserves and investments as well. So, local government is a very safe place for any international investor to put their money, British local government.

The prudential rules system for controlling capital expenditure introduced by the previous Government was a huge step forward. It's a kind of self-regulatory system based on common sense, that is, just as we as individual citizens should only borrow as far as we can before we become a credit threat, that's effectively how this system works. So, again, there's very little danger that local government would go berserk if it were given greater freedoms. Do I think that it would be better if there were more financial instruments for doing this and local authorities were willing and able to use them more? I think the answer to that is yes, too, and I think to fund local bonds in particular.

If you think in the current, literally today's world of savings and international financial problems, were a city in Britain to be able to issue bonds to rebuild its infrastructure, local people could buy the bonds and get a decent rate of return over time. The issuance of the bond would put pressure on the city council or the PTA to make this project work properly. This would be an extremely good

solution to at least three problems, but you could go beyond hardware infrastructure; no reason why this shouldn't be done for social projects. So I think allowing local government greater freedom, effectively, on its capital account to raise instruments, to fund projects locally, providing they're within the rules of prudence, why not?

Q116 [Chair](#): Which is basically the situation before local authority loans were nationalised by the Thatcher Government by the creation of the Public Works Loans Board.

Professor Travers: Yes. The Public Works Loans Board has confused all of this by stepping in as a very low cost way of lending money to local government. Interestingly, it recently put its rates up and it's less attractive than it used to be. But I think there are inherent benefits of bond finance-after all, municipalities in Britain used to issue bonds all the time to build their sewers and other infrastructure-which would have benefits of its own.

Sir Simon Jenkins: For all the reservations everybody has about the quality of local government in Britain, and for all the reservations people make about its inappropriateness as being the recipient of devolved powers, if central government were run with one half the efficiency-and I have no vested interest in local government-of the average local authority in Britain, we wouldn't be in the mess we're in now. One of the great biases in public debate is that central government is somehow efficient and local government is somehow inefficient. That's a lie.

Q117 [Stephen Williams](#): Two separate questions, one for Tony, one for Simon. On the bond issue area, is there any evidence that you are aware of that there are significant levels of investment by British investors in the bonds issued by Bordeaux and Hanover, to name Bristol's twin cities, for instance?

Professor Travers: I don't know the answer to that question but I'd be amazed if they were not buying municipal bonds in other parts of the world.

Q118 [Stephen Williams](#): So there is a market for it?

Professor Travers: There's a very powerful market. I know that American cities that issue bonds, citizen states, are regularly in London to talk to their advisers in the city because they raise money in the City of London to fund American cities. So, there's a very effective market. If these bonds are issued, and again we've all learned this from international finance latterly, but actually cities issue bonds and then they get them guaranteed, which lowers the cost of the bond. So there's a guaranteeing industry as well and it's all facilitated by our friends in the credit rating agencies, but actually four municipalities and some local authorities in Britain now have credit ratings and they're very good ones, better than sovereign states in many cases.

Q119 [Stephen Williams](#): A separate, slightly cheeky question for Simon, given his profession. Let's just assume that we have big bang localism and local authorities could do whatever they wished and Bristol had cheap parking, Bath subsidised its theatre tickets and Weston-super-Mare gave away free deck chairs or something, would you ban your journalists from using the phrase "postcode lottery"?

Sir Simon Jenkins: Yes. The only one I'm in favour of is banning the phrase "postcode lottery". I call it "postcode democracy", okay?

Q120 [Fabian Hamilton](#) : In the late 1980s, Leeds City Council cleverly financed a lot of new primary schools, I think, against the wishes of the then Government, by going to CIPFA and

borrowing money from them, the Chartered Institute of Public Finance and Accountancy. That was soon outlawed, I have to say, but we still got the schools. My question really relates to schools because, Tony, we were talking about the ideal of 100% of finance of local government being devolved to the locality. You said realistically, and quite rightly, it probably wouldn't be more than 50%; it should be at least 50%.

Professor Travers: It could be 100%, it's just I'm saying in the real world I'd put that as the minimum.

Q121 [Fabian Hamilton](#) : But, surely, the one obstacle here is education finance? Because when I was Chair of the Education Committee in Leeds, I think twothirds of our budget was spent on our 400oddplus schools. They weren't odd schools, but 400plus schools. Isn't that the problem? Because if you take that out of the equation you're not left with very much. If you put that in the equation, then you will get substantial postcode differences between education provision unless you actually guarantee by statute what local authorities must give to their schools, in which case why bother to devolve the finance?

Professor Travers: Then crucially it would depend on how much of Leeds' total tax payment Leeds could access. Without looking at it, I would be almost 100% sure that Leeds pays more in taxes than the public sector spends on it, if you add everything together. So there's no question but that Leeds could fund its schools; it's just that it has to get the money back from London to do it. So, then you're simply saying: could Leeds keep more of it-the taxes it pays-locally? There is absolutely no reason why it shouldn't and then it could easily pay for its schools.

Q122 [Fabian Hamilton](#) : But that may not apply to Harrogate, for example, or Richmond in North Yorkshire?

Professor Travers: Where it would not apply, almost certainly, would be somewhere like Barnsley in South Yorkshire, as you know. I think in places like Barnsley or Middlesbrough it wouldn't work, and that's where you would need equalisation, but you can equalise with any of these taxes. The great thing about the sophistication of the way in which our local government finance system works is that the civil servants who run it could do anything you wanted in this regard.

Fabian Hamilton: Thank you.

Chair: Simon, Tony, thank you very much. That's been very stimulating and we will continue to take evidence; hopefully, Simon, your pessimism will be unfounded and I'm sure that will make you very happy.

Sir Simon Jenkins: All strength to your arm.

Chair: Tony, thank you also. Thank you so much for coming today. Thank you, Committee.