

HOUSE OF COMMONS
COMMUNITIES AND LOCAL GOVERNMENT COMMITTEE

THE BALANCE OF POWER: CENTRAL AND LOCAL GOVERNMENT

Monday 7 July 2008

COUNCILLOR JILL SHORTLAND, COUNCILLOR SUSAN WILLIAMS

and MR JULES PIPE

Evidence heard in Public Questions 66 - 141

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Oral Evidence

Taken before the Communities and Local Government Committee

on Monday 7 July 2008

Members present

Dr Phyllis Starkey, in the Chair

Sir Paul Beresford

Mr Clive Betts

Andrew George

Anne Main

Mr Bill Olnér

Dr John Pugh

Witnesses: Councillor Jill Shortland, Leader, Somerset County Council, Councillor Susan Williams, Leader, Trafford Council, and Mr Jules Pipe, Mayor of Hackney, gave evidence.

Q66 Chair: Can I welcome the three of you and say I note we have a change of witness at the last minute? Obviously we welcome the fact that you have come but I will be writing to the person we did ask to be a witness because it is not normal for witnesses to be substituted. The Committee invites people but obviously we are pleased that you are here and we can draw on your experience. This is an introductory evidence session of our inquiry on the balance of power between central and local government. That means it is before we start the full inquiry. We have had one session with various representatives of think tanks and Sir Michael Lyons. This is the second session. What we are asking is that you suspend your positions as the leaders of different councils and indeed your political persuasions. What we are asking is for your ideas from first principles about the relationship between central and local government, obviously drawing on your experience, but not thinking narrowly from your current positions in local government. We will be using these two introductory sessions to help us to draw up the terms of reference for the actual inquiry when we will then be advertising for oral evidence as usual. Can I ask you to answer the most obvious question which is why should local government be more than just a local administration of services?

Mr Pipe: I think there is a great need for local accountability and all central governments will always want to make local government use local administration. If a got does not, certainly Whitehall departments will want to do that. Why would they not, because they have a national agenda to deliver. Local leadership and accountability are needed, local accountability that is on a manageable scale for residents. Accountability up to government for delivery of services is not on a manageable scale. Also, I think there is a need locally to establish vision and priorities for an area, commonly called "the place shaping agenda" in the Lyons Report. That would have to be done locally. There are too many differences within localities for that to be a regional agenda. Those are a couple of principal things.

Councillor Williams: I would again say why should we not. We are the ones who are held accountable for what goes on locally. Therefore, I think we need to have the tools to be able to deliver locally with more discretion.

Councillor Shortland: I agree with what has already been said but I think there is an additional point which is that, if you are thinking about nationally delivered services, national politicians do not always look at what goes on in a locality other than individual MPs looking at their own locality. It is very difficult for individual MPs to be able to understand what is going on in somebody else's locality that could be quite different to their locality. It is about the needs of the individual localities. It is the translation of national policies into individual localities. It can be quite significant. From my local perspective, in terms of the south west, you have huge differences across the south west, let alone around the rest of the country. I do think there are some significant differences that not all individual MPs would know about.

Q67 Anne Main: I would like to pick up Councillor Williams's comment about being the ones held responsible. Do you believe the fact that you are elected makes a big difference to be able to make the decision locally?

Councillor Williams: Absolutely. We are elected to deliver locally. Therefore, we should be accountable to deliver locally and we should also be afforded the discretion on what is right for the locality.

Q68 Anne Main: If there was a committee that did not have full electoral representation, would you feel that was a disadvantage in local decision making?

Councillor Williams: No, but it is up to us, not elected through the polling station but more local partnerships. They work with us to deliver. If you take the local area agreement, the local strategic partnership is the delivery body. We are the accountable body ultimately.

Q69 Mr Olnier: Some of you seem to be speaking differently. Councillor Shortland spoke about national politicians. Mr Pipe spoke about civil servants leading the agenda, apart from national politicians. You mentioned things coming from Whitehall as opposed to national politicians. There does seem to be a difference of opinion.

Mr Pipe: I do not think so. I think it all fits. I was trying to say that, even if a government was true to its word and wanted to be localist and was not trying to be prescriptive, surely a government passes to civil servants a political agenda to enact and wants to see its policies enacted throughout the country. That is absolutely fair and right. Therefore, that means that that is giving Whitehall a mandate to impose a national agenda across the regions and the country through local government. You will always have that tension. It is a tension we will always have to live with. It is a dynamic equilibrium and probably each side will continue to be pushed back from either side of the divide.

Sir Paul Beresford: I have a little experience of local government and also of being a minister for local government. It is always a balance. On the one hand you have local government that hates being restricted. You cannot scratch your nose with your left hand because the government says you have to use your right hand. The prescription seems to me, over the last ten years or so, to have become very much harder, more expensive, more detailed etc. On the other hand, government has the things it wants to do. When they look at local government, they see a sea of faces from competent to utterly incompetent.

Q70 Chair: Also in Parliament, I have to say.

Mr Pipe: I do not think it has got worse. It changes

Sir Paul Beresford: What we are trying to find out is what you suggest should be done to get that right balance. I think it has gone too far personally.

Q71 Chair: Paul, we are not supposed to be arguing amongst ourselves. Would you like to try and answer whatever the question was?

Mr Pipe: I think the initial question was has it got worse. I do not think it has got worse. It has changed and it will always change. The regulatory framework will always change. Local government financing changes, sometimes at the margins, sometimes in a greater way. That is often what local government rails back at, about a greater burden. Often it is just difference; it is just change.

Councillor Williams: I wanted to comment on the cost of reporting back to local government. The cost on average to local authorities is £1.8 million a year to report up to government. In addition there are between 600 and 1,200 items on which we have to report up to government. The reason that maybe there is a bit of disagreement around the table is because national government has to decide what it will allow local government to do.

Councillor Shortland: The issue for me is more that different parts of national government ask you to report on different things. If they all got together and said, "We want one single report", that would be much easier for us to understand. We have to join things up together at a local level for the comprehensive area assessment. It is very difficult to do that if the government does not have a country assessment that they have joined up at central government in terms of creating a comprehensive country assessment. If they had done, maybe it would be easier for us to understand.

Q72 Andrew George: On the one hand you are agents of central government; on the other hand you are dynamic place shapers. What stops you delivering your vision for shaping your place?

Councillor Shortland: What stops me from delivering in my place? I have already mentioned one thing which is the fact that government is not joined up. I can come together with health people locally, police locally and come to some arrangements about programmes that we want to deliver in order to tick the right boxes for central government; but then central government departments do not do the same so there could be different targets set for those individual, different components. For example, different targets set for health and different targets set for the police that do not allow us the freedom to be able to move on. The second barrier is all the other agencies that work around my area, whether it be county wide or sub-regionally or regionally. We have lots and lots of different government agencies that we have to work with but they have no duty to cooperate with us. They are only answerable to an individual minister. For example, the Regional Development

Agency. There are lots of others I could name. There are about 123 in the south west alone, different government agencies who are only answerable to central government. Although some of them are named in the new duty to cooperate, the vast majority are not. How do I improve things in my area if they have no duty to cooperate with me?

Councillor Williams: There are two main elements to this. The first is the ever changing goal posts of legislation and the second is finance. On the first, I will give you an example of that: the local area agreement. We have signed up to the first local area agreement only months later to have to start working on the new local area agreement. I am almost meeting myself coming back with different types of area agreement. What was quite frustrating about that process certainly with the new local area agreements is that we were led to believe that there would be up to 35 targets. It became very clear that we were being pushed towards 35 targets and some of those almost seemed mandatory from government. The second element is finance. My local authority - I will not mention individual local authorities too much - when you include council tax got 3.8 per cent increase in funding this year. If you reckon that public sector inflation is running anywhere between five and ten per cent, you can see the constraints that we are under. If you also take government initiatives which seem on the face of it to be very laudable, and they are, like concessionary fares and free swimming, that often translates into a huge cost for the local authority. I will give you another example. Concessionary fares in the first year cost us in the local authority £700,000.

Q73 Andrew George: More than the grant you were given?

Councillor Williams: Correct, because the way it was distributed was contrary to how the PTA redistributed the funding.

Chair: Can we park the finance issues until later? Can we not get too much into the nitty gritty of detail because this is a high level concept discussion. We do not want each of you saying how you are badly done by. I recall that from my days in local government.

Q74 Andrew George: We take that as read.

Mr Pipe: Sometimes the question is asked: "What other powers would you want?" There are issues that I have about planning and licensing. I have absolutely nothing to do with either apart from setting the policy originally. It is obviously down to councillors on the respective committees to make decisions within that framework. The national legislation is really quite prohibitive about what you can turn down. Sexist encounter establishments are increasingly on the agenda. For me in Hackney betting shops, after Westminster, we have the highest number of betting shops anywhere in the country in a local authority. In one street a third one has recently opening. I was very angry when I heard one warning on Radio 4, a minister saying, "We have given local government the power to control what appears on their high street." That simply is not true. When taking up the minister on that in writing, in the end he had to accept that it was market forces that drove that. For example, if you have a financial services shop selling insurance or a bank, which are popular, there is nothing local government can do to stop those turning into betting shops. That is a big thing. It is not additional powers. It is giving local government the powers that local people think it has. Local people cannot understand for a second when committees very reluctantly say, "Our hands are tied." Secondly, data and the lack of accuracy about ONS data. Hackney ----

Q75 Chair: We really do not want to go down that road because that is being looked at by the Treasury Select Committee. I recommend their report to you.

Mr Pipe: We reckon we are under counted by seven per cent so I am glad it is being looked at somewhere. There is a lack of coterminosity between many of the organisations expected to work in a locality. Whether we are in the northern region for the Government Office for London, whether we are in the eastern region for something else, that does not help. The threat of PCTs being changed in London, whereas in the rest of the country they have gained coterminosity in a lot of places recently, we are about to lose that because the 30 odd PCTs, it seems, are unsustainable in London. Losing that will become a great barrier.

Q76 Andrew George: On the issue of place shaping, Councillor Williams, you were touching on area based initiatives, the single regeneration budget to enable renewal and progress and coastal town initiatives, those kinds of initiatives which the government sends out to local areas. How do those impact on your ability to be able to shape the place or are you simply delivering what the government is trying to get you to deliver through silos of funding?

Councillor Williams: I hate to be more cynical and more seeming like I am badly done to but I do feel that we are increasingly dancing to the government's tune. The local area agreement is a good example of that when we really did try to shape that in accordance with what our partners wanted. You end up almost following the government line. On the multi-area agreements, which I think in their own way will perhaps be the real test of whether government is willing to allow a sub-regional discretion to deliver, they may be the real opportunity to make a difference. I am not sure that local area agreements are. They were supposed to be the arm of the sustainable community strategy. They have almost superseded it.

Q77 Dr Pugh: We have all put a lot of work into constructing local area agreements, constructing them again and going back over them and so on. There are two views I have teased out from what you have been saying so far. One is that they are a misnomer. They are not local area agreements; they are full of central directives for things you ought to do locally. The other view, which is probably closest to my view prior to your evidence, is that they are simply the summation of what people are not currently doing in a rather bland kind of way. Which of those views is more nearly correct? Is there some third view or concept that I have not hit upon?

Councillor Shortland: I think it is the first of those, in my opinion. Local area agreements that I have been involved with - this is now the second time round, as has already been said - were not just a collection of what we are already doing, although obviously that forms the basis for the local area agreement, what you are already doing, because it is stretching you and moving you into new areas. The direction that we get from central government is quite clear and harsh.

Q78 Dr Pugh: Is that the common perception of all of you?

Mr Pipe: Not in Hackney. I can see why LAAs might have that description. In Hackney, we did not start from the indicators but from what we saw Hackney as now and what we wanted it to become. It was a discussion of that sort placed with our partners. It was a discussion of what we wanted to see and that drove what the 35 indicators would be. Obviously then there is the discussion between local government about what those 35 should be but in our case that did not go too badly. There are probably some learning points that will perhaps be relevant to your next questions.

Q79 Dr Pugh: Regardless of what they are, if they do not get delivered - let us say you formulate them and they simply languish as dusty documents without making much impact to the real lives of people - who is ultimately accountable for that, because it seems to me the local area agreement is primarily owned by the local strategic partnership, above all, is it not?

Councillor Williams: Yes.

Q80 Dr Pugh: The local strategic partnership is an amalgam of identifies and they are not all electorally accountable, are they?

Councillor Williams: The council is ultimately accountable for its delivery.

Q81 Dr Pugh: The council is only responsible for delivering the bits that it has agreed to deliver.

Councillor Williams: No. The council is accountable for the delivery. The LSP is the delivery body, but the council is ultimately accountable and that is what makes it such a strange creature.

Q82 Dr Pugh: You did say that the LSP is the delivery body and the council is the accountable body. Is that not a bit odd?

Councillor Williams: Yes, it is very odd.

Chair: There are lots of examples of that.

Andrew George: That is not a question.

Q83 Dr Pugh: My opinion does not matter.

Councillor Williams: I agree with what the Mayor said but, no matter how you do it, whether you build it up from the bottom up or the top down, you are still trying to get your council area's views and vision into the government's set of indicators. There was no real way of being able to choose your own local set of 35. It came from the government shopping list.

Dr Pugh: The concordat between central and local government sounds fine. What is it?

Chair: If the concordat does not deliver, what sort of constitutional settlement do you want?

Q84 Dr Pugh: I am sure there are documents and conferences about it. I am sure people talk about it in the LGA magazines and that sort of thing but, in real life where there is a battle going on between central and local government as highlighted by Paul Beresford earlier, what real difference does having that concordat there make?

Mr Pipe: I suppose it is in the delivery of it from both sides. It is only three sides at the most long and who would not agree with what is in there? It is mother's apple pie really.

Q85 Dr Pugh: I accept that as an answer.

Mr Pipe: That does not mean to say that it is easy to comply with. Coming back to the LAA process, I did say that we found agreeing our 35 a relatively easy task. However, once those had been agreed through Goal and with the relevant government departments, then other government departments start saying, "Why not mine? You have permed 35 out of 198; why is mine not in there?" There were some really hard tussles, particularly on NI35, the one on preventing violent extremism. The pressure that people came under from the Home Office to include that was quite extraordinary.

Q86 Dr Pugh: In reality, when you get a directive from a minister saying that you must do this or that and you go to your filing cabinet, get out a concordat and read the details, can you not phone the minister and say, "This was not in the concordat and is clearly inconsistent with it"? You cannot, can you?

Councillor Shortland: The concordat is more about the relationships. It is not about the individual specifics, saying, "You are going to have this; you are not going to have that." The real test for me will be when a government minister starts saying, "You are now going to do this" and whether we are able or whether local government as a whole, as a body, is able to say, "Hang on a minute. No, that is not part of the relationship we agreed we are supposed to be equal partners in and not one person telling the other person what to do." From my perspective, we are already seeing a little bit of that because of the new sub-national review, where the government is saying, "No, the powers for the planning are not going to stay with local authorities. They are going to our agency." What we are saying as local authorities, I think pretty much around the whole country, is, "Hang on a minute. That cannot be right. This is supposed to be a power that is with local authorities or local government, not given to an agency." The real test for me will be whether we do truly have an equal partnership because at the LGA conference last week John Healey was saying to us all, "No, your role will only be scrutiny" and I do not seem to have heard the message back so far that that is not the role local government wants to have.

Q87 Mr Betts: Is that not because the concordat is nothing more than a piece of paper that has been signed over a cup of tea between the LGA and ministers? Council leaders may have heard of it. Councillors probably have not. I do not know. Most council officers certainly have not heard of it. The public would not know what you were talking about if you mentioned it to them. If that is the best local government can do, I will turn it around: are you not selling yourselves short?

Councillor Shortland: The difficulty is that none of us here has any power in that sense individually. We have to try and work collectively. The best we can get is what we can collectively agree to with central government ministers and it is little baby steps, is it not? The concordat is better than the relationship we had before the concordat.

Q88 Mr Betts: Is it? Is this not a chance for local government to say what it thinks its role in a constitutional settlement of some kind is? We talk about how we appoint judges and who sits in the House of Lords and those sorts of issues. Occasionally, local government gets mentioned as a fag end of this debate. In this place, you pass a local government Act, a Housing Act, an Education Act, and it affects local government. Nobody seems to recognise that importance. When set up the Scottish Parliament and the Welsh Assembly, the legislation was called constitutional legislation. We took it on the floor of the House in committee stage. It was then underpinned by a referendum in both countries so it is inconceivable that we could change that relationship without a constitutional debate. Local government has not got itself into any of those areas, has it, for discussion?

Mr Pipe: If any government or putative government wanted to come forward and propose that ----

Q89 Mr Betts: How about local government coming forward?

Councillor Williams: Can I perhaps turn that on its head and ask: is that the best that government can do, the local area agreement? The Sustainable Communities Act does allow for local government to suggest how it would like to shape the place it is in. There will be an agreement upwards rather than downwards.

Councillor Shortland: We are in a position of having a real test of exactly what you are saying. In the sub-national review across England, local authorities have said, "This is what we want." We now have the power to get what we want under multi-area agreements. Local authority leaders across the whole of the region can combine themselves under a multi-area agreement. It is all written in the legislation. We have the power to do it. We can then start saying, "We are not going to cooperate with you, central government, if you put the power into the RDAs." That is happening across the country. If you look at the responses that have gone from local authorities up and down England to central government on the sub-national review, that is what they are all saying. This is the first test of whether central government means what it says, because the original intention, as we understood it, of the sub-national review was to devolve power down to local authorities. All they are doing is devolving the power but into the hands of an agency instead of into local authorities. That is not good for any of us, in my opinion. That is what we have been saying across the country. I sit in the chair of a regional assembly for another week and I sit with the English Regions Network. Every region is saying the same. That is not true. One region has said, "We are happy to work with what the government has given to us" but every other region has said, "No, we are not going to do it."

Q90 Anne Main: You are saying you are not happy for the powers to be going to regional development agencies. Is it possible for local government to act as a strong leader when you have to work with so many regional bodies?

Councillor Williams: The multi-area agreement is a very good example of how there can be a mature discussion between the regional tier and the sub-regional tier. In Manchester we have signed off our multi-area agreement and there is a very mature debate going on between the North West Development Agency, of which I am also a member, and the sub-regional tier as to how funding will be devolved down. I do not think we are having the problems that perhaps others in the rest of the country are. Why? It just comes straight down from government.

Q91 Chair: Which would suggest it is not the structure that is the problem, if you are not having problems and the others are. Why do you think you are not having the problem and the other regions are?

Councillor Williams: Because we have worked very well to get what we think is the right thing.

Q92 Anne Main: Ms Shortland has just said, "We are not happy if the powers are handed over for example to the regional development agency. That is not what we thought would happen because that is not devolving power down to a local level. That is devolving power over a non-elected level", which is exactly what you were saying. Why are you not having a problem with that, or do you have a problem with that?

Councillor Williams: We are not because some of us who are sub-regional leaders are also on the regional development agency. We are working well together, maybe by accident or design. I do not know. We have managed to make it work. It would have been easier if it had just come straight down from government though. We would not have had to have that debate.

Q93 Anne Main: If you were not on the RDA, you would not have that representation.

Councillor Williams: Possibly not, no.

Q94 Anne Main: Therefore, it is a happenstance that you happen to have two hats on.

Councillor Williams: Correct.

Q95 Anne Main: That is a bit like being a district and a county councillor at the same time. Communication is great because you know where you are at both meetings.

Councillor Williams: Correct.

Anne Main: Ms Shortland, have you any more to say on that because obviously you are not in the happy position of wearing the two hats by the sound of it, so therefore you are finding communication ----

Q96 Chair: You are on the county council and the assembly. Is that right?

Councillor Shortland: But not on the RDA.

Q97 Anne Main: Therefore communication seems to be the issue because if you are not in two places with two hats you do not seem to know what is going on.

Councillor Shortland: It is not that I do not know what is going on. I know exactly what is going on.

Q98 Anne Main: You cannot influence it.

Councillor Shortland: I do not have any control over it. The RDA is answerable only to its minister, not to anybody else. It is not answerable to me. There is no power or control that I or even a collection of leaders in my region can have over the RDA because it is answerable to the minister. It is not just the RDA; it is the Highways Agency and there is a whole list of agencies that would have exactly the same position. They are not answerable to any of us in terms of being local authority leaders and therefore we are not able to influence how they use their resource to improve our region.

Q99 Anne Main: It does not matter how good they are with communication. The fact is you are not in a position to be able to affect their decision making.

Councillor Shortland: No.

Q100 Chair: Can we get the viewpoint from London where obviously it is different?

Mr Pipe: I suppose I have less to say on this than my colleagues simply because if people do not like it they can vote them out and apparently they did. We are answerable to someone other than ministers. My borough worked quite happily with that tier of government. There was a debate about the levels of intervention over planning, housing targets, things like that. That was a healthy debate. It is one that will no doubt continue with the new Mayor. Coming back to the original part of the question about giving plenty of space and scope for local leadership, whether within the borough or as an example amongst the five boroughs in the Olympics, whilst a lot of people are focusing on 2012 and the event, the bigger, place shaping agenda of the whole of the lower Lee Valley has been driven by the five boroughs coming together, picking up the ball and running with it. That space was created despite the existence of the GLA and despite the intense interest of the then Mayor.

Q101 Anne Main: Despite, not working in partnership with?

Mr Pipe: I said "despite" theoretically. I think it was posed that the existence of these bodies would obviate any need for local leadership and it would suck everything up to that tier. We did work fine with the Mayor and the relevant ministers.

Q102 Anne Main: Since you say you have a slightly different set of criteria and a slightly different way in which things affect you, do you think this could be something that is very different once you get out of London?

Mr Pipe: I think it is different simply because it is elected. I can forgive some of the things that might be interpreted as a taking up of power, although it is generally to be frowned on and I would agree it should be frowned on, but I can forgive it if, at the end of the day, that whole body is directly elected. The complaint is that these regional bodies are not elected. Then you are onto the question of should you have tiers of regional government. You could probably have a whole select committee on that alone.

Q103 Mr Betts: Do you think the government's response to the Lyons Report was a disappointing response to a disappointing report?

Councillor Shortland: We were just saying, "What response?"

Councillor Williams: We described the Lyons Report as like Waiting for Godot because it just never came. Eventually it did and I suppose all that has been got out of it is the ability to raise the supplementary business rate, capped at 2p. What else can we say about the Lyons Report?

Q104 Chair: Do the other two dissent or roughly agree?

Mr Pipe: I probably would dissent. It was not full of answers. It did not give a blueprint for the direction in which we should all go, both central and local government. I think it certainly asked the right questions. It started off just looking at financing and Michael kept on taking a step back further: "Before we can look at the money, we have to look at what is local government expected to do before we start talking about how it is financed." It is not my place to tell the Committee what it should be looking at but, as well as asking the three of us, I am sure you will be returning to the Lyons Report and the contents are the very questions that we should be asking ourselves about the central and local government relationship.

Q105 Mr Betts: One obvious question is: should not local government have the right to raise a bigger percentage of its finance? Until it can do that, will it ever really increase its standing with the public, its accountability, its status and whatever else we want to see?

Mr Pipe: Obviously the drift has been the wrong way over the last couple of decades. Going back about 20 years, something like 30 per cent of local government funding was funded by business. Now it is down to about 21 per cent. There has been that shift so it is no wonder and that is one reason why council tax has increased over its lifetime.

Councillor Shortland: The other reason why council tax has increased and why we have a problem is it is not just about local government being able to raise more money locally, which of course it should be able to do. It is also about the burdens that are placed upon local government by central government. Susan talked earlier about concessionary fares. It is not just concessionary fares; the landfill tax burden is huge for local authorities in that sense. There are huge shortfalls in the licensing services. It is about central government changing legislation and placing burdens upon local government as to the delivery on without properly funding it. Even if local authorities were

given lots of power to have their own council tax raising ability, it is very difficult for local authorities if the government is going to continue to place burdens on local authorities for which they then have to raise local rates without having any control.

Q106 Mr Betts: I am not sure where that argument takes us. It either takes us to local government does not want these powers or local government wants more funding from central government, neither of which takes us in the direction of a more important, self-assertive and independent local government, does it?

Councillor Williams: There is the argument about the relocation of business rates. If my authority could relocate all its business rates or even some of them, we would almost be a self-sufficient authority. We get back about a third of what we raise. I also want to bring in the issue of the LABGI grant, the Local Authority Business Growth Incentive Grant, which appeared to disincentivise those authorities that had historical high business growth. I think that needs to be looked at again as well.

Chair: I am not sure that any of you have addressed the fundamental, philosophical point that Clive was trying to put as opposed to specific examples of how you would increase local government funding. As I understood Clive's question it was, if you are saying that you do not want these additional things to do, in what way are you saying that local government should be more important?

Sir Paul Beresford: There is a sub-text to that. Many local authority people tell me that the cost of some of the pointless things like CPA ----

Chair: We have been through that.

Q107 Sir Paul Beresford: We are going through it again. Have you sat down and worked it out, because the cost of CPA coupled up with gearing on the local council tax payer and similar things like best value and all these various audits seems to be pretty astronomical for little or no gain.

Mr Pipe: I am sure if Steve Bundred was sitting here, he would make a strong defence of what the effects have been on local government, driving up standards, but that is for him to do. Those costs pale into insignificance when compared with the swings one gets under the four block model of funding that we now have. The removal of damping, say, on social services could cost an authority, as it did ours, 25 million. If it was not for the floors, we lose that 25 million. What it does mean is that we do not see any money that finances new burdens, that goes into the formula, until all that 25 million is eaten up. Other than any floor increase, we will not see any additional money for additional burdens until about 2019 until someone comes along and changes the formula again..

Q108 Mr Betts: This is another example where local government does not have a big picture to paint for us. There is a real feeling that what you want is independence and an ability to deliver local services for the needs of local people. Should not local government come forward and say, "Actually, we believe the vast majority of the money that we spend should be raised locally; that all central government should be doing is some sort of equalisation process according to the different needs and resources of areas", which is probably about a third of the total. You can probably do it on something like that. Then you can try to find some consensus about how that significant majority of money that you want to raise locally should be raised.

Mr Pipe: This is where I come back to Lyons again. He proposed that there should be a mosaic of charges and an incremental change. I do not think that any government would get the repatriation of

business rates through because the business lobby would be too strong on it. They just do not trust local government.

Q109 Chair: Are they right not to trust local government?

Mr Pipe: They probably were right not to trust it in places like Hackney ten years ago but there are probably very few places where they would not trust it now. Reputation lingers. I am a three star, strongly improving authority. It puts me in about the top 22 authorities in the country, but most people's perception of Hackney would not be that. Perhaps that comes as a surprise to Members here. That reputation is what you are dealing with and that reputation goes across many other patches of local government. Perhaps business would not be justified in thinking that but they would think it nonetheless.

Q110 Mr Oler: There is an aspiration as to what local government wants to achieve for its community. There is also a service that you need to do because central government says, "These are the rules and regulations. This is what you should do." Do you believe that capping should go?

Councillor Shortland: Yes.

Councillor Williams: Yes.

Mr Pipe: Yes. I say that as an authority that over the last three years has set a zero increase in council tax levels and probably 1.9 per cent the year before that. I say it out of simple principle.

Councillor Williams: For low spend authorities it is even more appropriate that it should go.

Councillor Shortland: If you are going to cap, you should tell people. We now have three years' worth of funding. If you are going to cap, let us know now what you are going to cap at. How can you set your budget if you do not know what the cap is going to be until after your budget has already gone through your council?

Q111 Anne Main: I can see some grimaces on faces with the Chair and Clive's question. My understanding was - correct me if I am wrong - that what you were saying to the Committee was that, because you are being told to deliver extra things such as free swimming and concessionary bus passes, that eats into your budget so basically government is spending your money. Even though you might raise more locally to top up because you wish to do that, the government is still coming along with a shopping list. You want the shopping list removed to some extent - is that right? - so that you locally can decide whether or not it is a priority to give free swimming rather than it being a government priority? You want that devolved down. Is that right?

Councillor Shortland: Yes.

Q112 Anne Main: I think we are getting slightly different views here.

Councillor Shortland: I was not saying that we did not want the powers. We do want the powers but, if you are going to prescribe something at central government level that has to be delivered, then you have to fully fund it.

Q113 Mr Betts: Local government is against ring fenced grants.

Councillor Shortland: Absolutely.

Mr Pipe: It does not have to be ring fenced.

Q114 Chair: How can it not be ring fenced? Let us take free swimming. If you want to be fully funded for free swimming, are you then saying, "We want to be fully funded but we are not necessarily going to spend it on free swimming"?

Councillor Williams: If we want free swimming within our funding package, can we say that we want free swimming rather than government saying we want free swimming and then leave us stranded as to how we are going to pay for it?

Q115 Chair: You would not get the money, so there would be money for free swimming and councils could decide. Are you saying, just to use that as an example, that government should say, "We want you to introduce free swimming in two years' time and we will give you this much funding for it. Do you want the funding or not?" and, if you decided not to do the free swimming, you would not get the funding?

Councillor Williams: I am very cynical about the government's announcement of free swimming because ----

Q116 Chair: Just as an example.

Councillor Williams: If we get a funding package from government and within that funding package we want to introduce free swimming, we should be able to do it. Why does the government claim it as its victory and we then have to struggle to deliver it?

Q117 Chair: Using free swimming as an example on this point that Clive was trying to raise, the LGA is against ring fencing funding. You, Councillor Williams, then seemed to be saying that it would be okay to have it ring fenced if councils could decide they did not want the money and they were not going to give the free swimming either.

Councillor Williams: I did not say that. I said that it should be a local decision, not a government decision.

Q118 Chair: You should get the money and then you can spend it on something else.

Councillor Williams: We should get a local government settlement and decide how we wish to spend it.

Q119 Sir Paul Beresford: Would you say the concessionary fare decision years ago in London amongst a number of authorities was an example of that working?

Councillor Williams: It certainly was not because it was devolved down to the PTA, who distributed it as a per capita funding for the authorities and we lost out significantly. The way it was done was quite crude.

Q120 Andrew George: I am going to ask three questions, one to each of you. Councillor Shortland, are you not simply agents of central government? If you were replaced by quangos and commissioners, how would your local electorate notice any difference at all? Convince me that you do make a difference other than the political froth of argumentation that goes on in the council chamber.

Councillor Shortland: If you look at where the agencies already exist and the work that they do, if central government decides that an agency's focus should change, they just drop what they are doing and move over to the new focus. For example, recently lots of Arts Council funding was suddenly dropped and all the community was left in the lurch. They moved away to funding in a different way.

Q121 Andrew George: That is just initiative funding, not statutory duties though, is it?

Councillor Shortland: No. I think there are some statutory duties amongst that. I am using that as an example. The local people have nowhere to go other than the minister himself, who is not accountable to them electorally. They have no way of fighting that decision other than doing a bit of publicity and hoping the government will change its mind. If local authorities were not there, local people would have no way of changing the priorities. I come back to what I said right at the very beginning. Central government ministers, MPs that are elected, can only do what they can do if they have power. If they do not have power, all they can do is argue and there is nobody accountable to the local people. There is nobody accountable to my local community in terms of concessionary fares for example, where the local authorities are having to close swimming pools and other things in order to meet the costs of concessionary fares, because they have nowhere else to fish in the pool for money.

Q122 Andrew George: Councillor Williams, turning the question entirely on its head, those services like police and health which are currently delivered by quangos, by commissioners, by people appointed by central government effectively - are those the kinds of powers that you think local authorities should be taking over?

Councillor Williams: That is an extremely good argument for that, yes.

Q123 Andrew George: How would you be able to convince me and the government that you can and should take those on? Why would it improve services?

Councillor Williams: We could argue about the health service until next week but I do not think we are going to. The health service currently suffers from a complete lack of local accountability. I still cannot understand why such a local service is delivered effectively from Whitehall.

Q124 Andrew George: Mr Mayor, taking that a stage further, if local authorities are to take on that type of responsibility - let us take health - that might result in postcode lotteries; in other words, variations in services at a local level. Is that something that you would consider desirable if we are to pursue the argument of devolution which I think you were enunciating earlier?

Mr Pipe: Obviously government will want to see minimum standards. We already have a postcode lottery for absolutely every single service that local government runs and that is acceptable because that is local government. It is democracy. If people think that there should be a balance of funding of the local pot shifted away from street cleaning and they think why do they have a street cleaner on every two streets, it does not matter if we have a bit more litter and we use that money to spend on something else. Those are the kinds of decisions that local people should be entitled to make. If people do not agree with what is being proposed, then vote them out and get somebody else in that you can agree with. This goes back to the funding issue. What local government would really like is the flexibility of the total pot. People have advanced arguments on the Directly Elected Mayor issue that, if you go for a DEM, you should have more say over the totality of public expenditure in your locality. I am sure every council leader would agree with the same.

Q125 Andrew George: Given the fact that often the contrast between one area and another is something which is highlighted by the media, other than the media, are there any others? In other words, is the contrast the postcode lottery? Is that something which your constituents complain to you about, contrasting your service with those of other areas?

Mr Pipe: That is always going to happen. People are going to see that those streets over there are cleaner than ours. I am not talking about Hackney because our streets are rather clean.

Q126 Andrew George: Is it a major theme or is it something which is more in the media than in the local discourse?

Mr Pipe: The local government concordat certainly is not something that they discuss in the pubs, highways and byways of Hackney, but up and down the country, certainly on visible services, that is the kind of pub type conversation that you will get. They will say, "I went to such and such a park. They have great services there." "In my council, the parks are terrible," or whatever. You will get those real conversations on the street.

Councillor Shortland: You get people moving to areas dependent upon ----

Mr Pipe: The schools.

Councillor Shortland: It is not just schools now. We get people moving into Somerset for health services, health tourists we call them. People move down to the area because they have elderly relatives who they know will get a better standard of care in our authority area.

Q127 Andrew George: Quangos deliver whereas local government does not?

Councillor Shortland: No. I am talking about social care, not the PCT services.

Q128 Anne Main: You spoke about powers of the police and health being brought down. What level are we talking about? Are you talking sub-regional as being a level that was acceptable? Are you talking of sub-regional level, county level or district level? How far down do you want the power to come?

Councillor Williams: Just thinking of the structures that are in place now for Greater Manchester, probably a sub-regional police service would be appropriate. There was talk a few years ago of making the police service much broader so Greater Manchester Police would give a county wide police service, but sub-regional and local as well.

Mr Pipe: The PCT is the easiest one because you simply do the commissioning and it would be an extension of what local authorities already do about so much social care. PCTs would definitely be straightforward. The police are more difficult. Certainly in London I would want to see more direct say over the neighbourhood teams but generally on the borough police an accountability of the borough commander to the authority.

Councillor Shortland: I would agree. We already have coterminosity with our PCT, so we are delivering most things together. Hence the comment earlier about adult social care. We are already working together so that would be a natural one to move over to local authorities and, to a greater extent as well, the police services. Our police authority is Avon and Somerset and the Somerset

sections are two police sectors coterminous with out county boundaries. We are already delivering the neighbourhood work together collectively.

Q129 Anne Main: Sub-regionally in Somerset? That is not west, is it? That is sub-regional?

Councillor Shortland: Avon and Somerset is the police constabulary area and Somerset is the county area. We are already doing that work together anyway.

Q130 Chair: You have a two tier system obviously which neither of the other two have. The London Mayor is a bit different. Are you suggesting it should be at county level that all of that coordination would occur then in every case?

Councillor Shortland: No. In Somerset already, in coordination with the police, they have two police districts ----

Q131 Chair: I understand that point. As a generality, would you expect it to be the county that would be the elected voice for the police and health or are you suggesting a role for districts?

Councillor Shortland: If you take the police as an example, at the neighbourhood level, the neighbourhood policing, the work with the neighbourhood beat managers and the beat teams is already done at a sub-district level because it is at an area level in south Somerset.

Q132 Mr Betts: The commissioning of the health services is a big idea. Across local government, irrespective of party, you are going to advance a major opportunity to expand local government's remit and the importance in local communities. One, accountability: PCTs are not; local government is. Secondly, to join up health and social care together in a way with joint arrangements. Some will work better in other areas than they do in some. To pull this together under local government's overall responsibility seems to me to be an issue that could really take the agenda forward. Do you think people at local level will be concerned to find local councillors, as they might think, dabbling in health, with party politics being brought to the National Health Service, or do you think now that the reputation of local government is so much enhanced compared with where it used to be that people will feel reassured about having health run by local councils?

Councillor Williams: If it works, they will be pleased with it. We, like Jill, have already started building up that partnership with a PCT. If it draws down economies of scale and enhances services to people, I think they will be happy.

Mr Pipe: I would agree. It would also depend how it was done. You are absolutely right in what you just said. So much already is delivered jointly. It would be an expansion of that. If it was dressed up as, "We are passing local health services to the local council", that would be selling it rather badly. I am back to the perception lagging behind the reality when I mentioned businesses. If it was an incremental move and the accountabilities were moved, it would not generate negative publicity. For example, when councils took on the scrutiny role of local health services, no one minded and said, "This is councillors dabbling in health issues." In the same way that scrutiny took an interest in the local health economy, the extension taking an interest and control over the local health economy too, done in a similar way, should not frighten anybody.

Councillor Shortland: We already have joint appointments. I think most councils are either moving towards or already have joint appointments on public health. We have two officers now working on public health across Somerset, paid for jointly by the PCT and the county council. The public health

officer sits on our executive. We have one of our members and officers who sits on the PCT as a member of the council as opposed to being there board appointed by central government. We are already doing it on our own in spite of government.

Mr Pipe: A lot of these things come about because of positive cooperation between bodies as opposed to the more solid accountability that would come about by joining up for them. I have an excellent relationship with my borough commander. The council and police cooperate very closely. It is because we get on well. It is almost down to personalities and that is probably not quite right, is it? It ought to be on a firmer footing than that with proper accountability.

Councillor Shortland: By default instead of design.

Q133 Mr Olnier: I agree. I think this is a new role for local government to play as elected people as opposed to officers fulfilling these roles. I asked you a question about capping. Do you think police authorities, if you are playing a senior role in them, ought to be capped as well?

Mr Pipe: That is almost beyond my area of knowledge because we are dealing with the MPA. What I was arguing for really was control.

Mr Olnier: My local police authority was capped.

Q134 Chair: It is probably relevant to the other two of you if you do have police authorities.

Councillor Williams: I would say, like local authorities, they should not be capped.

Q135 Chair: No; whether you should get rid of them. If you want councils to be accountable, should you get rid of them? Bill strayed into capping but should the police authorities be scrapped if local councils have that accountability directly?

Councillor Williams: Possibly so, yes.

Councillor Shortland: Before you start looking at who is scrapping this and who is doing what, I think you start to look at the functions of the police authority. What are they actually doing? Most of the functions of the police authority are around the back office, the business side of it. It is the constabulary, the chief constable, who decides the format and the working of the police, not the police authority members. That is more the control that I am looking for, looking at what the chief constable does and having some influence over that, rather than the working of the police authority. I sat as a police authority member for a year and could not quite understand from the beginning to the end of that year what real influence they had over the constabulary. I would much rather not say, "Let us scrap that and have that power" if that is all I am going to get.

Q136 Dr Pugh: If it is the case that we ought to scrap the police authority or democratise it, what on earth - maybe this is a rhetorical question - was the point of having independent members dragooned on or volunteering themselves on and magistrates who are supposed to add to the democratic accountability mix in some way? Is it your view that they currently do?

Councillor Williams: I think they do but if you were going to restructure the police in terms of incorporating them into local government, councillors sit on the police authority anyway. Would there be a need for a police authority?

Q137 Dr Pugh: I was asking more about the independent members and the magistrates who are thought to have quite a distinctive role, quite separate from councillors, and to bring something to the feast which ordinary, democratically elected people could not.

Councillor Shortland: The independent members are appointed by central government. The magistrates, as I think everybody knows now, are not local people any more. They have a disconnect with the local community. I am not entirely sure whether the outcome that was intended when those people were put on to police authorities has been achieved.

Q138 Sir Paul Beresford: We have elected Mayors and you say the chief constable runs things. Can we elect a chief constable?

Councillor Shortland: That is a difficult question to answer because I am not entirely sure that the power the chief constable holds is necessarily held at a chief constable level.

Q139 Sir Paul Beresford: Instead of having a police authority?

Councillor Shortland: The power that the chief constable holds is for the whole of the police force area. There are some aspects of police work that I think are more appropriately held at a local authority area level. Neighbourhood policing has been a really good initiative. We have PCSOs, a really good initiative. Why is the chief constable still holding reign over that work? If it is accountable to the community, beat managers and PCSOs cannot be moved from communities. Why should it not be done locally by local councils?

Q140 Chair: I think Paul is trying to get you to agree with him. Just say yes or no.

Councillor Shortland: Potentially. I did not want to upset my chief constable.

Q141 Chair: Can I thank the three of you very much? It has been very useful in rehearsing the ideas we hope we will be taking forward in our later inquiry. Thank you very much indeed.

Councillor Shortland: Thank you to the Committee for allowing me to stay.