

HOUSE OF COMMONS  
COMMUNITIES AND LOCAL GOVERNMENT COMMITTEE

THE BALANCE OF POWER: CENTRAL AND LOCAL GOVERNMENT

Monday 8 December 2008

PROFESSOR GEORGE JONES OBE and PROFESSOR JOHN STEWART

PROFESSOR VERNON BOGDANOR CBE and PROFESSOR TONY TRAVERS

RT HON LORD HESELTINE

RT HON NICK RAYNSFORD MP and BARONESS HAMWEE

Evidence heard in Public Questions 394 - 481

Members present

Dr Phyllis Starkey, in the Chair

Sir Paul Beresford

Mr Clive Betts

John Cummings

Jim Dobbin

Andrew George

Mr Bill Olnier

Dr John Pugh

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Memorandum submitted by Professors Jones and Stewart

Examination of Witnesses

Witnesses: Professor George Jones OBE (Emeritus Professor of Government, London School of Economics) and Professor John Stewart (Emeritus Professor of Local Government and Administration, The Institute of Local Government Studies, University of Birmingham) gave evidence.

Q394 Chair: Good afternoon. Can I welcome both of you to this session? As I am sure you are aware, this is the second or third session in our inquiry on the balance of power between central and local government and indeed two of us here spent last week in Denmark and Sweden learning everything there is to learn about the relationship between local and central government over there. We are very grateful to you for being here at this session. Can I start with your attitude to the Lyons Report where at least Professor Jones has been quoted as saying that he was "very pessimistic about the future of local government after the government's negative and hasty response to the Lyons Report"? Can I maybe ask Professor Jones to start and then Professor Stewart to expand on how optimistic you are about the future of local government after the Lyons Report and whether it is realistic to expect national politicians of whatever party to devolve power to the locality?

Professor Jones: We were very disappointed with the reaction to the Lyons Report by the government. It was rejected out of hand by the minister of state on the same day it was published. Some of its leading recommendations were just rejected and there has been no further mention or attention paid to the report in succeeding white papers or in the act of last year or the bill that has just gone to the House of Lords. It seems to have been totally forgotten. Our view was that the Lyons Report was a step in the right direction and it was a great pity that it has not been taken forward. The most important thing that the Lyons Report said, that we support of course, was that the country - the government - faces a choice. There is a clear choice to be made: do you want decision making on public services to be concentrated on central government or do you want it dispersed to a variety of elected local authorities? That is a clear choice you need to make. Once you have made that choice you can then design a local government finance system to support your choice. However, the government has failed to choose. I notice also that the Lyons Report has not really been examined properly by Parliament or by a select committee. There have been some debates, but it is a missed opportunity; it is very sad for local government.

Q395 Chair: Professor Stewart, why do you think that the government did not act on the Lyons Report and what particular recommendations do you think are the crucial ones to be implemented?

Professor Stewart: I just want to say something about my general attitude to the Lyons Report first because that will colour my answer. I found the Lyons Report very strong in its analysis of the situation, of the degree of centralisation, of the degree of intervention and of its effects on destroying the confidence of local authorities. I found it much weaker in its recommendations. It opted for an incremental approach with many of the big issues pushed into the distant future. My own view is that an incremental approach is not enough. Choices have to be made, such as the one that George has spoken about and that it really needs a major change in the nature of the relationship, touching on some of the things we have put in our evidence. The report was weak for that reason and that was one of the reasons why it has had little impact. I do not say it would have had an impact on the government, but it certainly would have had a bigger impact on local government and on the informed press.

Q396 Sir Paul Beresford: Would you not say that the ministers' rejection would be in part because of what you have just said but also because they have actually answered the question and that is that they want it centralised?

Professor Stewart: Of course there is a difference between what one might deduce from their actions and from their words. Their words are that they wanted decentralisation. The government is committed to devolution to local government.

Q397 Sir Paul Beresford: Their actions are the opposite.

Professor Stewart: There are some movements in that direction but you could hardly say it was a significant decentralisation so far.

Q398 Mr Olnier: Following on from what Paul was saying, having been involved in local government myself it is a question of whether you want local government to be aspirational in their own communities or do you want local government to be the police people of central government dictates?

Professor Jones: It depends on what view you have of the proper role of central government and its relationship with local government. What has been happening for the last 30 or so years is that increasingly the central government has seen local authorities as their executive agents, no different from other parts of the central government departments. They are there to carry out the wishes of central government departments in particular services. They are very service oriented whereas local government must be valued as providing opportunities for local people to govern themselves, to shape the development of their own local communities and not just to be executive agents of central government. This is the choice that has to be made: do you want to go in the centralist direction or the localist direction? The government has been fudging, in its rhetoric, by speaking out for decentralisation to local government and to communities and people, but the reality, despite the reduction in certain targets and indicators, is that it is still dominated by the desire to control what local authorities are doing.

Q399 Chair: Can I just tease out what you have been saying? If local authorities are effectively delivering a very large proportion of the services that local people receive, is there not a pressure from the public for there to be some sort of uniformity, at least in minimum standards wherever they are living?

Professor Stewart: There is not really much evidence of a pressure to have the same standard of service everywhere. What the public want is a good standard of service. The Lyons Report carried out surveys of public opinion and if you ask the public if they want a uniform standard of service they will say yes. They will also say they want the local authorities to have the right decide. So a lot depends on the question you actually ask. Interestingly, in relation to that direct question about the standard of service being uniform, they were then asked, "Would you want that or would you object to there being diversity?" If the public were consulted and they were satisfied with the standard of service then 70 per cent said that is just what they wanted. That is really what the public wants; it wants a good standard of service in local circumstances.

Professor Jones: I think if you move to a wholly centralised system, let us take the National Health Service which has been a centralised system for 60 years and yet it is still delivering unacceptable variations in service because the most vivid examples of the postcode lottery are in fact in the National Health Service. If the Herbert Morrison approach to a national health service had been carried out in the 1940s and local government had had a major role in health, I do not believe that

there would have been such unacceptable standards of services. I see no evidence that centralisation automatically gives you acceptable minimum standards or indeed high standards.

Q400 Mr Oler: Local authorities would have acted differently as regards health delivery than primary care trusts.

Professor Jones: Primary care trusts to me are quangos. They are not democratically elected bodies which is why we support a major role for local government in the health service. There are various steps that one can take to achieve this; ideally the local elected authority - the local government - should be the commissioning body for health. Sir Simon Milton, when he was at the LGA, suggested other means for strengthening the power of the elected council over health, appointing certain key people and perhaps being the funnel or the channel through which grants have to pass before they go into the health system or the PCT. Ideally I would like to see local authorities, as I think Mr Beresford once argued, being the commissioning entity for health.

Q401 Sir Paul Beresford: Without saying where I stand on this, would a minister not say that having listened to you they have the opposite example in child abuse and child protection recently with some pretty appalling cases where the government has had to step in because local government has shown those failings.

Professor Stewart: And the health authority has shown its failings.

Q402 Sir Paul Beresford: Predominantly it starts with the social services.

Professor Stewart: Predominantly it starts with the doctors inspecting the child. There are failures in every public body. Just to go back to the postcode lottery, I regard the words "postcode lottery" as very misleading. It is not a lottery, it is a postcode choice; it is a choice made by people as to the standard of service, the difference being the choices made in the case of local government services where people are responsible to local people and in the health services it is made by people unaccountable to local people.

Q403 Chair: We have rehearsed in earlier sessions the issue of the relationship between the health service and local accountability and it is clearly something we will have in our report.

Professor Stewart: It does connect with the postcode lottery.

Chair: Indeed it does.

Q404 John Cummings: I address my question to the two witnesses, Professor Jones and Professor Stewart. In all your vast experience in the matter under discussion, what do you believe have been the key positive developments and the retrograde steps in the relationship between central government and local authorities over the last decade?

Professor Jones: The most positive step I think is included in the Local Government Act 2000 which gave local authorities the power of well-being to promote the economic, social, environmental well-being of their areas. It gave them a duty to prepare a strategic community plan - it is now a sustainable community plan - and this to me was a ray of hope. Here was a chance for local authorities to exercise leadership without, I thought, a set of narrow, niggling constraints. I still think that potentially that is important. Local authorities are, in many areas, starting to use those

powers with imagination and ingenuity and I think that was the one positive step that I would attribute to central government in enhancing the power and discretion of local government.

Professor Stewart: I can come in on the negative side. The negative side seems to me to be the general approach of government, excessive legislation. The bill that has just been presented to Parliament has been quoted where the government is proposing to legislate on petitions submitted to local authorities. Why it requires legislation is not clear. Nobody knows; there has been no real research done on how local authorities deal with petitions. If the government wish to emphasise the petition thing, then they could use all sorts of statements by ministers, but to legislate and lay down a complex bureaucratic procedure seems to be unnecessary. Secondly, where there is legislation, excessive prescription. I often say the committee system of local government lasted for a hundred years or more on the basis of one clause in an act and one regulation. Now we have 190 pages of guidance; we have 15 regulations, five directives and a very detailed act. The net effect of that is to cut back the scope for innovation and experiment, different authorities adopting different approaches within an executive model. It is that practice of excessive legislation and excessive prescription. The third thing is the growth of targets and their effects on the working role of the local authorities have been counter productive leading to gaming by some bodies, distorting practice in order to meet the standards required; it can distort priorities because the best way to meet a priority is to neglect other activities and services. It has become a sort of tick-box approach. If you meet the target you are all right; if you do not, you have failed. It is a very narrow form of performance management. Most of the literature on performance management suggests that your target and your performance relationship is the basis for discussion and analysis. In fact it may be that what is wrong is that you have met the target.

Q405 John Cummings: Do you think civil servants in a department could do with perhaps spending a year in local government?

Professor Jones: Increasingly I have come to the conclusion that the fault for much of the centralisation that John has described lies with the Civil Service. I do not think I am going to blame ministers as much as civil servants because it is civil servants who are involved in drawing up this legislation; it is civil servants who put in all the details and the over-prescription. I can understand their attitude. They are conscientious, they want to work hard and do what they think their minister wants and they of course feel that they are superior to local government officials; they think they are more competent but in fact I doubt that because the local government officials are there on the ground close to where the problems are happening, close to the people. I would much prefer to trust the local government officials than remote control by bureaucrats in Whitehall.

Sir Paul Beresford: Ministers can say no.

Chair: Can we bring back John because he was mid-question.

Q406 John Cummings: I would like Professor Stewart to make a contribution as well.

Professor Stewart: I was going to answer your question on whether I was in favour of civil servants gaining experience in local government. The answer to that is yes. I would not necessarily want to lay it down as a law or as a regulation but I believe that anybody who has any dealings with local government should have some experience of working in it. Those people who have, have told me it

was one of the most revealing experiences of their working life, first of all to be impressed by much of what they found and secondly to be surprised at the sheer range of things that a senior local government officer would have to deal with as opposed to somebody in an equivalent position (apart from the permanent secretary and the very highest officials) who has a much more limited remit.

Professor Jones: I hope you will not be led up the garden path of a unified public service. Some of the people giving evidence to you may put this. I fear that that would lead to a set of officials dominated by central government. I believe there is great value in each local authority having its own staff, loyal to it and not to some entity called the unified public service.

Q407 John Cummings: Do you believe that we need radical or incremental change in the relationship between central and local government?

Professor Stewart: Radical change. We have had incremental change; radical change is needed. If we believe that the balance is distorted and out of kilter then it is not going to be helped by minor changes; it needs fundamental changes in the relationship which also would involve changes in the internal way of working in central government itself.

Q408 Sir Paul Beresford: To take you back to your answer on retrograde steps you listed examples which I agree with, do you think that those negative steps and effects on local government have been partly or to a large degree responsible for the increase in the council tax over that period?

Professor Stewart: I am sorry?

Q409 Sir Paul Beresford: Do you think that negative and retrograde bureaucratic control has been at least in part responsible for the increase in council tax over the last decade?

Professor Stewart: I think that a lot of the things that I spoke about have had a harmful effect on local authorities, first of all by curbing innovation and secondly they have taken up the time of senior officers and senior councillors. I reckoned, purely impressionistically, that about 50 per cent of the time of senior officers is spent dealing with the plans required by government, dealing with forms and reports, dealing with inspections and so on and so forth. That naturally takes their attention away from the running of the services. I do not know whether 50 per cent is right, but nobody does no. Central government itself should know the impact of its actions. The LGA has not done any work to actually find out how much time it actually takes. Whether or not that has led to an increase in the council tax due to an increase in expenditure or, in some cases, has led to worse services being provided, I am not certain. However, if you talk about the relationship between service and the cost naturally with all it impacts upon the situation it has had a harmful effect upon that.

Professor Jones: Mr Beresford has raised a very important question.

Chair: Professor Jones, we are very time-constrained not least because we have a vote coming up at the end of the session after this one and therefore I am very conscious that we need to move on to some other questions that members want to ask, otherwise the next lot of witnesses will get squeezed down. I know that is unsatisfactory but can I ask the pair of you not to necessarily each

answer and to try to keep your answers short and to the point. If you think you have not been able to say everything, send something in in writing afterwards.

Q410 Andrew George: Do you think that the dynamics of political and media discourse in the UK at the moment would ever create the favourable conditions for a meaningful decentralisation?

Professor Jones: That is very difficult. We are a small country. The media are a national media; they are plugged in much more to national events and national politics. You only have to look at the way the media, particularly broadcasting, treat local elections. Who are the people they have on their programmes? National politicians; ministers, shadow cabinet people commenting on the significance of these local elections. We do have a very highly nationalised media. We also have MPs who, despite their experiences in local government, once they get to Westminster seem to switch their perspective and seem to be supportive of central government.

Q411 Andrew George: To give you an example, say we get an extreme child welfare issue which hits the national press. It is arguably a local authority issue but inevitably ministers are then asked to appear to be decisive and relevant on those occasions and therefore call for certain actions to be taken. It is that kind of discourse that I am talking about, the need for ministerial intervention on issues which appear to be at least decisions and services delivered at local authority level.

Professor Jones: Ideally ministers should say, "This is not my responsibility; this is the responsibility of the local authority" and stand up to that.

Q412 Andrew George: They will not say that.

Professor Jones: If our recommendations had been accepted and the choice for local government responsibility had been made, then ministers would be much more easily able to say "It is not my responsibility, go to that authority or that authority, they are to blame". It gets back to Mr Beresford's question about who is responsible for council tax. I know you have asked other people giving evidence. What is wrong with our present system in the relationship between central and local government is that it is impossible to answer the question "Who is responsible for council tax increases?" because each side blames the other and they make a plausible case because the financial arrangements are so devised that responsibility is shuttled from one to the other. Each blames the other. We are saying - and Lyons did and Layfield did - that there must be a choice and you must have a financial system that supports that choice so you will be able to say who was responsible.

Q413 Andrew George: May I ask Professor Stewart do we presently have a local government structure or are they merely agents of central government?

Professor Stewart: We have a local government structure but to a degree they become agents of central government but not entirely. Local authorities still have the substantial discretion, if they care to use it; they have the new duties, the new powers. One of the things that actually happened is that the impact of what has been happening in the extent of guidance, in the extent of prescription, in the setting of targets and so on and so forth, the confidence of many local authorities has been destroyed. This is a point made strongly by Michael Lyons and an important part of his analysis. One of the mistakes at the moment is that local authorities are so in the habit of getting detailed guidance that they now - some of them at least - automatically ask for guidance. If you ask civil servants why we give so much guidance they will say that local authorities ask for it. One of the

results of that is the impact of all the government action. There have been some statistics just recently that showed that a local authority had been asked to reply in September and October to 30 different pieces of consultation. Clearly that is going to absorb the time of the senior officers. In a sense we begin to establish a habit of looking up centrally rather than looking down locally.

Q414 Andrew George: You still both say that local government is better at effective service delivery than is central government. Can you give examples or evidence to prove that that is clearly the case?

Professor Stewart: The evidence would lie in the comparison between the capacity studies of government departments - which are not even done by an independent body but by civil servant bodies themselves - and the results of inspections of local authorities. The results of the inspections of local authorities suggest that the standard of service provided and the organisation is good. I have criticisms of the inspectorate; I have criticisms of their belief in their infallibility. There is a doctrine of not papal infallibility but inspector infallibility. I think I would rather see inspectors as partners in shared learning.

Andrew George: Do you think the local people feel the same way? Are they champions of a more local democracy or do they not really follow the distinction between a PCT and a local authority?

Q415 Chair: Professor Stewart, can I just piggyback on this? When you are comparing capacity studies of government departments and local councils, for the most part government departments do not deliver any service at all so you are comparing apples and pears. What about if you compare local authorities with PCTs where they are indirect service delivery?

Professor Stewart: I would say that when you are comparing you are comparing the efficiency of management and the efficiency of management is there whether or not you are running a service or whether or not you are managing the situation, so I believe the comparison is valid. I have not actually studied the figures comparing PCT inspections with local authorities; it might be worth the Committee looking at it.

Q416 Mr Betts: Last week two members of the Committee went to Denmark and Sweden to look at how they operate in terms of their local and central relationships. All the politicians we met could not get their heads round the Baby P approach in this country; they could not understand how national politicians who, even second hand could not be aware of what was going on in a particular local authority's children's department, wanted to take ultimate responsibility for those actions and the need to put it right. They have a very different relationship there which is embodied in the constitution. I just wondered what your thoughts were about trying to get a more formal constitutional position for local government, bearing in mind Scotland and Wales now have devolutionary positions which are agreed by this Parliament but there is no way that this Parliament would seek to fundamentally change those now without the agreement of the Scottish and Welsh people presumably through a referendum. There is a different constitutional position to be taken and I just wondered whether there is anything we can do in terms of local government that would embody local government in a more formal constitutional arrangement.

Professor Jones: We recommended that the concordat be beefed up. I look on the concordat as very much a first step in devising a constitutional settlement that would encompass the relationship



between central and local government. Michael Lyons called for this settlement and I think explained to you how diluted was the concordat compared to what he had in mind. We envisage a statute - not a written constitution but a statute - that lays out important aspects about the relationship between central and local government. For instance, local government's role is to be responsible for the government of its area and the development and well-being of that area. The local authority should be primarily responsible to its own local voters and not to central government departments. There are a certain number of features that could be put into a statute and the value of having a statute is that it would not be altered except by an explicit act that was debated and considered by Parliament. Too much of the relationship between central and local government is determined in the inner recesses of Whitehall without much public or MPs' knowledge. We are calling for a constitutional settlement embodied in a statute.

Q417 Mr Betts: One piece of law is very much like another and if government comes along and legislates on something to do with housing or education that is in conflict with that previous statute about the relationship between central and local government, well Parliament passes it and that is it. You do not have to pass anything special, do you, to alter it in practice?

Professor Jones: I think we have reached the view on having a statute that that is certainly better than the present concordat about which both local and central government seem to have totally forgotten. It is not ever prayed in aid; it has been forgotten. You could not forget if there were a statutory provision. We have reached that position also because we are sceptical about the time it would take to write a constitution, to have a full scale codified constitution that is entrenched which is what these other countries have. We are not going to get that here.

Q418 Mr Betts: Would this statute then be something that all future legislation involving local government would have to be tested against, a bit like the human rights test on legislation which is weak but at least it is there.

Professor Jones: We also envisage, as you know, that the central/local relationship should be monitored by some sort of independent body either independent commission or a joint committee of the two Houses. There should be a body monitoring what is going on and if there was an incompatibility between that basic statute and some more recent bill they would be there making a statement as well as giving to Parliament and the public an annual review of the state of central/local relations.

Q419 Mr Betts: Going back to something you said before, Sweden clearly has a more devolved local government where there seems to be a general consensus across all the political parties that that is what it should be, but central government does lay down minimum standards and people seem quite relaxed about that as though it is reasonable to have certain minimum standards across the country which local authorities can then go beyond. You seem to be against minimum standards almost per se. They said that central government thought that mental health services were not up to scratch in some areas so they laid down some minimum standards but they gave local authorities the money to meet them and everyone felt quite comfortable about that sort of arrangement. Is that something you still would not want to see?

Professor Jones: Personally I do not think we would to see minimum standards. We have already suggested our scepticism about the minimum standards approach. You cannot really at the centre

devise a minimum standard for every aspect of every service and again there are difficulties of enforcing it. We do not believe that the centre can really guarantee a minimum unified standard. We have already quoted the health service as showing the worst, most vivid examples of the postcode lottery. However, on your first aspect, to achieve our constitutional settlement requires cross-party agreement on these rules of the game. It is absolutely essential that this issue does not become a battle between the parties. I would hope that this select committee, as a cross party committee, would, as it were, start the campaign to get cross party agreement on the need to rebalance the relationship between central and local government.

Q420 Chair: Both of you I think have called for an independent commission to monitor central/local relationships. What was your view on the other suggestion that others have made which is that you just have an independent commission to allocate local government finance?

Professor Stewart: We are against that. That is a decision about the distribution of resources. We see this as essentially a political decision and therefore it is right that it should actually be made by Parliament and by ministers. It would also defeat the aim of our proposed independent committee because it would mean that it was taking an active part in the relationship rather than monitoring the nature of that relationship.

Q421 Dr Pugh: Across the LGA there are various sorts of bodies representing the local authority family, if I can put it like that, and it was hoped the LGA would actually perform a significant role in being an advocate for local government with central government and maybe with the public as well, but what we have seen, I guess, is that they have established a bureaucracy, they have affordable things like training, they produce a lovely - but singularly uninformative - magazine every week. Do you think that the LGA are performing a real and valuable function as an advocate for local government?

Professor Stewart: The LGA is a very strange body. Indeed, I have often said that the local authority association in any form is almost a contradiction in terms because local government exists to be diverse and different, and an association exists to reduce that complex of views to one particular view. That is one of the dangers facing a local government association. The second is that their working relationship, their day to day practice, the things that come to them all tend to make them part of the village of Whitehall and they come to accept the assumptions of the village of Whitehall over time. Obviously they have to have a working relationship with government but at times they have gone too far in accepting the views of central government. They have not pressed the constitution issue that we have referred to. They have not highlighted the very complex accountability issues raised by the local area remits where local authorities appear to be, according to the legislation, being held accountable for the activities of the various appointed bodies in the area for which targets are set. It is a very confused situation and yet the association let itself be browbeaten into signing the concordat even when it was not really satisfied with it. I would argue that most of these things derive from the fact that they have almost become part of the village.

Q422 Dr Pugh: It is not a very effective advocate.

Professor Stewart: It is not as effective as it could be.

Q423 Mr Betts: Do you regard the whole issue of the lack of availability for local authorities to be able to raise their own finance as absolutely central to the issue of rebalancing power back towards local authorities?

Professor Stewart: We were members of the Layfield Committee and we began by expressing that choice, the choice that you George has spoken about. Once you have made that choice it has to be faced what it means in terms of finance. That was the way Layfield put it. Layfield did not say, as some people often seem to suggest, that if you do this then automatically central government will stop. What Layfield said was that a choice has to be made as to where the main responsibility lies. If you decide the main responsibility for the functions of local government apply locally then you should devise a financial system that supports that. Without making that change the words you have said about passing responsibility are unlikely to happen.

Professor Jones: It is very important that you avoid the trap of thinking that local authorities can be responsible and accountable simply for spending money. I think they have to have the responsibility for taxing as well so that when they and the public have to consider whether they want higher services, better value, improved services, at the same time they have to consider the consequences in terms of raising the money to finance those services. That is the only way we can have really responsible local government.

Chair: Thank you both very much indeed. We have packed a lot in and we are very grateful to you. Thank you.

Memoranda submitted by Professor Vernon Bogdanor CBE and Professor Tony Travers

#### Examination of Witnesses

Witnesses: Professor Vernon Bogdanor CBE, Professor of Government, Oxford University and Professor Tony Travers, Director of the Greater London Group, London School of Economics, gave evidence.

Q424 Chair: I will just say again that there is likely to be a vote at 5.35 so that is when we will disappear and our session with you will end and we will come back after exercising our duty as Members of Parliament to then deal with the last lot of witnesses. That is why we are quite keen to motor through the topics. Can I start off with the issue of why each of you thinks that local democracy is important for the health of the nation? As a kind of flip side to that, why do you think there are such low levels of public trust and participation in local democracy? I guess I was very struck by the point that Professor Bogdanor made in his written submission which is where he is suggesting, I think, that the main barrier to a rebalancing of power is not the constitution, it is a whole cultural, political thing out there which presumably includes the public as well.

Professor Bogdanor: I do believe that the main barriers, as you suggest, are not constitutional but cultural, but I also believe there may be institutional ways of helping to change that culture. I have, in my written evidence, suggested various reforms: a reform of the finance system, greater use of instruments of direct democracy, reform of the electoral system and, more directly, elected mayors. As to your question why local government should be a good thing, I think there are a number of

answers to that. Firstly it is government by lay people who are not professional politicians and therefore will enable more people to understand the workings of democracy. There are around 24,000 elected councillors who are mostly not professional politicians and they are able to understand the difficulties of making decisions in a democracy. That must be good, surely, for the health of the country. Secondly, I believe diversity is a good thing in itself and I believe it will help to produce better public policies. I have given an illustration - I think a very graphic one - in my written evidence from John Kay of the Financial Times who talks about the experiment with comprehensive education in the 1960s. He said that it was not inherently foolish but what was wrong was the scale of the experiment and the absence of honest feedback on progress. I think we are more likely to get that in a diversified system. Finally, I think that a good local system can stimulate local patriotism. People may say in Oxfordshire (the county where I live) that they do not get enough money from central government but their schools are very good and they have done wonders with very small amounts of money. No doubt in Berkshire they say the same and in Buckinghamshire and so on, so there is healthy competition. Devolution may be stimulating that sort of sense between Scotland and England, a sense of healthy competition. I feel the danger with services run at a national level is that they sometimes tend to institutionalise grumbling because if you say in a national service that things are going very well the government will say, "Splendid, we will switch resources to some other service in that case" so you always have to say in a national service that you need more money and that things are good enough. That does not give you a good sense of morale in a public service.

Q425 Chair: I might point out that some of us started our professional politicians career in local government where we learned the skill. I would quibble with you as to whether they are not professional politicians; we were just not paid when we are in local government.

Professor Travers: I build on what Professor Bogdanor has said. The issue of distance I think is important in understanding trust. This point has already been touched on, if decisions are made by politicians in government who are a very long way away from what are often relatively local implications and local results of those decisions, I think it is impossible to imagine the politicians concerned being able to get any signals directly, other than through Members of Parliament that they speak to, when they come to make those decisions. The capacity for any individual to influence the person making the major decision in Whitehall or Westminster is very, very unlikely to occur. It is very likely to be that kind of capacity to influence those making decisions. That distance I think will affect trust. To answer your first question - why would better and stronger local democracy be good for the nation? - the strength of local democracy and the powers of local government are, I think, enormously tied up with the whole operation of politics. It is where people learn about democracy, which is the point you just made yourself, Chair. If local government and local democracy were to wither and die - or were to wither too much - it is inconceivable that it would not affect Parliament because they have the same roots. The one root goes through the other into local political activism. Local democracy is essential for parties, parties in our system are essential for democracy and therefore Parliament itself depends on local government and local democracy.

Q426 Mr Oler: I take issue with the connection, Tony. I can well remember when the first shackles were put on local government; that was when the lovely Ken Livingstone lived over the way and upset Margaret Thatcher who was the prime minister of the day. That prime minister of the day took away a lot of local autonomy from local authorities. That was a political action against local

politicians who were politicians. The other thing was actually the right to buy council houses when there was absolutely nothing that the local authorities could do to put back into their communities the problems that the sale of council houses would do for them.

Professor Travers: I think we are agreeing, actually. My point is that if decisions are made to remove power to the centre then it sends a signal within the locality that local democracy is less powerful therefore fewer people are likely to be interested and involved in it and therefore, over time, there will be less political activism but that will not only affect local government. As you will know better than me, local activists are what make up politicians, local parties, that help you fight elections. That is the simple point I am making.

Q427 Andrew George: Professor Travers, you say at the end of your evidence that "Parliament, as the pinnacle of British democracy, would also gain from a revival in local government". That sounds to me that if you make that argument and you can persuade Parliament, then we are on to a winner. How are you going to persuade us that actually it is in Parliament's interest that we will benefit so much from a revival in local democracy?

Professor Travers: It is an extension of the point I have just made. If local democracy were truly vibrant and really galvanised then my hunch is that for all the political parties represented here you would have more activists locally; there would be more people joining political parties, interested in government and politics, taking an active part in conventional political activity. That would not only strengthen local democracy but it would therefore directly strengthen Members of Parliament's capacity to compete and all parties would benefit from that. That would strengthen democracy not only at the local level but at the national level.

Q428 Andrew George: You both argue, I think, passionately in favour of stronger local democracy. I do not know whether it is fair to assume that you prefer decentralisation to happen at as fast a pace as possible, but how do we achieve the speed of change to decentralisation? What does the government need to do in order to achieve the kind of speed of change to decentralisation which you feel might be required?

Professor Bogdanor: I think one would need politically to strengthen local government and I think one of the ways in which one might do that would be by directly elected mayors, particularly in the conurbations. There are very varied views about the Mayor of London and his predecessor, but I think few would deny that both Boris Johnson and Ken Livingstone have made local government more exciting. It is interesting that the turnout in the recent London Government elections was 45 per cent which is higher than the average turnout in local authority elections. Various views are held about both Boris Johnson and Ken Livingstone but they are independent minded figures and independent minded figures who can stand up for their particular authority. I think it would be only to the good if we had similar people in Birmingham, Newcastle, Manchester, Leeds and so on who would be Mr or Miss Birmingham, Newcastle, Manchester, Leeds et cetera and stand up for their authorities. I think such people would be more likely to be able to resist the depredations of central government.

Q429 Chair: Do you see this as universal model or only for cities and regional bodies (which is essentially what London is)?

Professor Bogdanor: As I understand it I think here is a strong intellectual case for regional government. It had been rejected by the voters of the North East and I imagine it is not on the political agenda now, but certainly if other authorities would like a mayor - I suppose in rural areas you would call the person a sheriff, I do not know - or a directly elected political leader I feel that would contribute greatly to the strength of local government.

Dr Pugh: You are saying it contributes to the strength of local government. The argument you have given so far is that it increases the turnout and that is not the same thing, is it? You could argue that it would increase the turnout at a general election if we elected a president at the same time. What is the benefit of a mayor as opposed to a broadly based representative group of politicians reflecting their own individual areas?

Q430 Sir Paul Beresford: Can I piggyback on that? I personally think that that is a red herring. If you go back to the 1980s there were a large number of strong leaders, including Ken Livingstone, who had the same sort of role and in local government elections, certainly in London, the turnout was 65 to 70 per cent. So it is actually more the fact that they were freer and they had the personalities. If you do not have the personalities it does not matter whether it is the leader of a council or a mayor candidate.

Professor Bogdanor: If one looks at the history of British local government there are very few people in its history who have built a strong local government base for themselves. Joseph Chamberlain, Herbert Morrison, Livingstone, it is difficult to think of a large number of other people. I think the increase in the turnout is an important point because I think the low turnout is a sign that people do not value local government as much as they might. One of the reasons for that is they sometimes find it difficult to identify with it. Surveys have shown that very many fewer people are able to name the local authority leader than they are a mayor; the mayor is much more publicly identifiable not only in London but in other areas that have chosen mayors as well. Secondly, mayors are less likely to be the tightly organised party figure that there are in local government. I said in my evidence that local government is now much more tightly organised from a party point of view than the House of Commons itself. I think that puts some people off local government; it is too tightly organised.

Chair: I am quite keen that we do not spend the rest of this session arguing about mayors, especially as it is becoming increasingly evident that if we do make any recommendations as a Committee it is not likely to be along the lines of that wished by Professor Bogdanor since most of us seem to be against them. I would like to move on because I do not want to get hooked on that constitutional point. Andrew?

Q431 Andrew George: You both seem to imply that at local authority level both turnout is low and there is a perception amongst the public that the capacity is rather questionable as well. How do you overcome the perception or existence of low capacity or lack of capacity at local authority level? Is it a question of front-loading the powers first or do you need to build up the capacity or perceptions of local government?

Professor Travers: Especially given that the Chair has made the point that many of the people sitting round the table here have been members and/or leaders of local authorities, I am not sure I actually agree with the contention that there was a lack of skill and expertise and wisdom in local

government. I think many of the best local authority leaders are extraordinarily good at what they do, even if their names are not that well-known. Of course there will be those who are less good because it is a very large number, as the point has been made clear (we are talking about 20-odd thousand elected representatives). However, you are definitely correct that if local government was seen to have more power then more people who were interested in political power would be drawn into it. I just use a very simple rather stylised way of putting it. If local government set income tax levels I do assure you that turnout would go up and I do assure you that more people would be interested in going into local government.

Q432 Mr Betts: Three of us have just been to Denmark and Sweden where they have a more formal constitutional position. The Danes, for example, would claim that they actually inspired the whole idea of a European Union charter of local self-government which we have signed up to but I think a lot of people would think signing it has not made a lot of difference; it is hardly worth the paper that it is written on in terms of application in this country. Do you think we can do anything more to actually enforce it and make something real out of it?

Professor Bogdanor: As I said in my first answer, I think that constitutional statements, although valuable, need to be backed up by a renewed political strength in local government and therefore I believe that reforms are needed in our current local government system. One of the other reforms I suggested to make local government stronger is a reform of the electoral system which would mean you have fewer uncontested wards in local authorities and, secondly, a greater degree of direct democracy - a double devolution in the jargon - so that the people themselves can help to make decisions. People already have the right to call for a referendum on an elected mayor - I am sorry to mention that again - and if you give them that right on that limited issue why not rights on other local authority issues? Why should there not be petitions on other issues? I gather the House of Commons is currently looking at reforming the petition system. The initiative at local level would go beyond the petition because it has a specific consequence but that might excite further interest in local government and once you get interested in local government people are more likely to defend their local authorities against the depredations of the centre. At present local government does not have a powerful enough constituency.

Q433 Mr Betts: In terms of Scotland and Wales we have got de facto a constitutional arrangement now. In the end it is just an act of the UK Parliament that has created the devolved parliament and the devolved assembly, but I do not think that anyone could conceive a situation where this Parliament could simply legislate now to terminate the Scottish Parliament or the Welsh Assembly or substantially alter its powers without agreement. Is that not a different constitutional position?

Professor Bogdanor: Certainly. The reason for this I think is that the referendums were used to establish a Scottish and Welsh Parliaments but there might be another way in which you could entrench it and that would be the way in which the Human Rights Act was entrenched because, as I understand it, the Human Rights Act states that all legislation must be interpreted in its terms whether passed before or after the Human Rights Act so later legislation which impliedly goes against the Human Rights Act would be met by the courts with a declaration of incompatibility. If you treat the charter for local government as an analogue to the European Convention of Human Rights - a kind of communitarian analogue - you might have something of that kind in saying that legislation which goes against this charter at least ministers should have to declare it goes against

the charter and give their reasons and you might want to bring in the courts if you really wanted to entrench such a provision. That would be something you could do without a complete constitution.

Professor Travers: I think that Britain's constitutional history makes the creation of a full constitution at this point very, very difficult. I think the flexibility of the British model of government is so treasured by those who operate it that however much intellectuals and others may push for a constitution they may be struggling for some time to come. However, that does not mean that our constitution is at all times incapable of offering something akin to constitutional protection and it would have to come, I think, if it is within the existing system, from Parliament because Parliament can do what it wishes and therefore Parliament would be free to build in quasi constitutional protection for local government if it so decided. I think it can be done but hoping for a British constitution to save everybody will mean waiting too long.

Q434 Chair: Can I just about this idea of the independent commission? There are two suggestions, I think. One is the suggestion made by Professors Jones and Stewart about an independent commission that would oversee the kind of constitutional relationship and the other one is an independent commission that would dish out the money basically. Can I get your views on either or both?

Professor Bogdanor: On the second of these I very much agree with what Professor Stewart said, that that is a highly political question and not for an independent commission. On the first I think the function would be better achieved by a joint committee of the two Houses, perhaps analogous to the Joint Committee on Human Rights. I mention this because I think the Council of Europe does regard the Charter for Local Government as being the kind of communitarian analogue to the Human Rights Convention: the one defends the rights of individuals, the other defends the rights of communities. Therefore, perhaps by analogy with the Joint Committee of Human Rights, you could have a joint committee on central and local relations whose function it would be to report each year on the state of relations and the state of local government. I think that would be of great value.

Professor Travers: I agree. They are separate functions. If this House and the House of Lords decided to provide constitutional protection then that is one function. There is a separate function which could be fulfilled by an independent grants commission which personally I think I would support. However, I realise that for politicians to give up that degree of freedom, even if it is a desirable thing, is optimistic. I would have them as two separate functions.

Q435 Mr Oler: The Baby P case came to the fore by being raised nationally. Do you actually think that national politicians are frequently held to account for the failings of local government and how can we redress that problem?

Professor Bogdanor: Yes they are; I think that is absolutely correct. That is not simply due to national politicians seeking power for themselves, it is because voters hold them to account. I agree with what Professor Travers said a few minutes ago, that in theory a local government system should be more accountable because it is much easier to complain to your local councillor or to a local officer than it is to find the officials who are responsible for a national service.

Q436 Mr Oler: I accept that, Professor Bogdanor, but they find national politicians to complain to and hold to ransom.



Professor Bogdanor: Indeed and this began in the 1970s with the education service when there were queries about it; people were not satisfied at being told "Go and see your local councillor". They said, "You, the government, promised to improve the education service" and so governments took the power to go with that responsibility. If they were held responsible they were going to take the power and we need to change the attitude of the electors if we go into that situation I think. I entirely share the premise of your question that all too often national politicians are held to blame for local matters and that is incompatible with a healthy local government system.

Professor Travers: Again I agree. We are trapped in a world of our making. The implication of what we have just heard is that this is something that to some degree the public wants and effectively it puts the prime minister in the position of being mayor of England. Everybody expects the national politicians to answer for really quite small issues and that puts pressure on national government and the opposition to react accordingly. It is like a nightmare from which you can never escape. It would require action across the political divide to some degree to put an end to it. That would be difficult for the opposition of the day because it would require them to hold back while the world moved from the world we are in to the new world, letting the government off the hook apparently. I think it would have to be done with some all party agreement in order to move from the world we are in. The public would have to be convinced, as Professor Bogdanor has said, as we moved along.

Professor Bogdanor: May I just add a very brief point to that? It may be that devolution will stimulate this demand for diversity and for hands-off politics because the politicians here are no longer in practice responsible for domestic matters in Scotland and Wales in education, health and so on.

Q437 Mr Olnor: If you read Hansard the Welsh and the Scottish are following the same routes as local government holding the national politicians to account.

Professor Bogdanor: Although Parliament is sovereign most ministers accept that they cannot now be responsible for education and health in Scotland and one wants a similar sort of self-abrogation in England which devolution could possibly help stimulate.

Q438 Mr Betts: Coming back to the issue of money, the Lyons Report really talks about a lot of the issues and powers and the balance of powers between central and local government, but really on money we are saying, "Yes, it will be here and there but it is not really central to change". Do you agree with that or do you think that if we do not sort out the proportion of the income that local authorities can raise we are ever really going to get to any local democracy in this country?

Professor Travers: The Lyons Report - for which I was a friend or indirect advisor - was in many ways trapped in the world in which it lived; it could not escape the heavily centralised world and quite understandably decided that the only way out was by small incremental steps in another direction. The difficulty is that ever since the Layfield Committee successive governments have committed themselves to making small steps; the steps have never really materialised and I agree with the tenor of your question, Mr Betts, that the only way away from where we are now would be a big move to something different. That would include very significantly greater local discretion over taxation. It is worth remembering that overwhelmingly for local authorities in England most of the money that their tax payers pay in all taxes just goes up to Whitehall and then is handed back in various means to them or to other institutions in the area by the government. So most of the money

in Sheffield is paid by Sheffield tax payers and then handed back to Sheffield in a way that could easily be by-passed by Sheffield keeping more of the money.

Professor Bogdanor: I agree a hundred per cent with that.

Q439 Andrew George: On the related matter of relating national to local discretion, if we extend it to the issue of planning, particularly the contentious issue of housing numbers, to what extent do you believe that the way to settle issues of affordable housing need are better left to the discretion and idiosyncrasies of local authorities deciding off their own back, rather than the method which we are certainly witnessing at the moment and has been going back for decades which is central government pretty much indirectly setting those figures for local authorities.

Professor Travers: This is a fascinating question because in many parts of the country it would appear that if left to their own devices local authorities would resist housing which national government believes is necessary. It is precisely related to the question that Mr Betts raised on local government finance because at the moment when local authorities give planning permission for new homes or for new businesses, because of the way the grant system operates, they get no benefit. That is for every extra pound that is paid in council tax or business rate as a result of a decision made to give planning permission the grant system will take away a pound in grant. If we had a different grant system or a way of allowing authorities to keep some or all of the resources that were generated by new housing or new business premises, I think their decisions would change. Milton Keynes has experimented with a roof tax which is on the way to trying to create a form of section 106 type taxation. I think that if the incentives were different local authorities would be less likely to turn down housing than they are at the moment.

Q440 Chair: Is there anything the Local Government Association could be doing which would help to change the relations between local and national government?

Professor Travers: Yes. I think the LGA needs to act slightly more as battering ram on national government to make the case for some of the issues we are discussing here. There is a powerful argument for a whole array of relatively minor freedoms in the short term - bigger ones in the long term - which the LGA could lobby for very hard and occasionally needs to be a bit tougher on the government than it is.

Q441 Andrew George: Regarding the dynamics I was talking about earlier with the previous witnesses, national discourse in the sense of ministers always having to appear to be relevant and decisive on whether it be for genophysio or the recent childcare case in Haringey. Who is responsible for that? Is it because the national politicians are wanting to appear to be relevant? Or is it because of the media? Who is to blame for that? Rather than going to the national level the media should be going to the local authorities or those taking decisions at a local level.

Professor Bogdanor: I suppose it is because politicians believe that these are matters of electoral significance and that flows, as I have said before, from cultural factors within Britain which may not be there in other countries. Local people are not prepared to hold their local councillors to account for local matters but demand accountability from national politicians on them and therefore national politicians acquire that power. Again, as I said earlier, I think these habits are changing in Scotland and Wales because I suspect that on matters connected with Scottish education people in

Scotland now do not necessarily blame central government if they think things are wrong, they blame the Scottish Parliament and it is possible that that may encourage an understanding and a demand for greater diversity which would mean that less would be attributed to national politicians. They would be held responsible for less.

Professor Travers: This is the curse of the postcode lottery really. It is hard to blame either national politicians or the media in a sense because it is hard to see where it all began. It probably began with the failings of the LSE in the early 20th century, but wherever it began we are stuck with this world and the only way to escape from it would be in the first instance to get away from the presumption which is very widespread that differences from authority to authority would mean a race to the bottom. There is no evidence that it would be a race to the bottom. If you look at 19th century local government in Britain major municipalities actually tried to have the best public services; they did not try to have the worst public services. Do we honestly imagine that left to their own devices the great cities and counties of England would all fight to have the lowest possible service? They would fight to have the best.

Professor Bogdanor: It is worth pointing out very briefly that in London you get the opposite phenomenon to the one that Mr George mentioned, that people attribute more responsibility to the mayor than he actually has and not less. I think, if I dare mention it, that that is a sign of the strengthening of local government.

Chair: Thank you both very much indeed. The Committee is adjourned until after the last vote.

The Committee suspended from 5.35 pm to 6.04 pm for a division in the House

Witness: Rt Hon Lord Heseltine, a Member of the House of Lords, gave evidence.

Q442 Chair: First of all, apologies for the fact that the timetable has gone completely awry but you will of course understand exactly why. Although the number of members here may not be quite as great as earlier on the, quality if very high. All of us here have had local government experience as well as being parliamentarians. Can I start with a question about local government finance? One of the issues that has come up very strongly from previous witnesses is that unless local government raises more of its finance itself it is going to be quite difficult for voters to see the accountability between what they pay and what they get. Obviously as a minister you had considerable experience about local finance systems so can I ask you whether you think the current council tax system needs to be reformed or whether a much larger change is required to get a real change in balance of power financially between local and national government.

Lord Heseltine: No, I do not think there is a necessary linkage. I think there are a whole stack of things that could happen to change the balance and I believe that that balance should be changed. I have spent a lot of time looking at the alternatives to local government finance and the only coherent one I think is income tax and I would not be in favour of doing that. All the others will lead to a very heavy dependence of many authorities on central government redistributing grant so you would be back where you are.

Q443 Chair: Do you think the proportion of money raised by council tax and maybe business rate should be greater?

Lord Heseltine: Personally I would not touch the financial arrangements because it would take too long and it will not actually improve the situation significantly.

Q444 Sir Paul Beresford: How do you explain the fact that the council tax has risen tremendously over the last three years?

Lord Heseltine: It will be part inflation, part Treasury squeezing the grant. The Treasury has a dilemma: it wants to try to contain expenditure so it squeezes the grant and the gearing ratios of all the systems - it is true of the rating system, it is true of the poll tax, it is true of the council tax - means that there is a disproportionate increase in the level of what the local people are left to pay.

Q445 Sir Paul Beresford: Local government would say that they have had more to do and had more burdens put upon them.

Lord Heseltine: That is part of the argument and there is a certain amount of truth in that because this place spends its life imposing more duties and obligations or expectations on local government and they are never fully funded, although you could of course argue that local government significantly gold plates what it is expected to do. You have plenty of room for blaming both sides, but that does not go to the heart of the matter; the heart of the matter is the gearing of the grant relationships.

Q446 Mr Betts: How do you change the gearing if local authorities are responsible for raising 25 per cent in total of the money they spend? Surely that is what gives the gearing.

Lord Heseltine: Indeed, that is an important point, but then you have to ask yourselves what are you going to do by way of a change. As I say, I think the one that is the intellectual runner is income tax but then you will have a situation where you get national governments wanting to reduce income tax and local governments putting it up. There would then be a battle which the public will not fully understand as to whose responsibility it was or is.

Q447 Mr Betts: We have just been on a trip to Sweden and Denmark where they have a local income tax and, in Sweden's case, a local income tax, a regional income tax and a national income tax and it seems to work reasonably well. The feeling there amongst all the political parties we spoke to is that there is a settlement in both financial and power terms which is generally reckoned to give more power and influence to local authorities and the parties are in support of it and the public seem to be in support of it as well.

Lord Heseltine: I have not studied the Scandinavian position but I know what the reaction is here and the idea that you can actually introduce a financial system which causes the local people to look to the local authority to account has not stood the test of time. The poll tax was the most obvious example where the government thought that it would make local accountability through the poll tax system when actually it became the millstone round the government's neck.

Q448 Mr Betts: In some way they are long lasting changes, not the poll tax because the poll tax was eventually reversed back to a council tax with its origins in a property based valuation. The real

change was that the business rate which used to be collected by local authorities and spent within local authorities was centralised as part of the poll tax arrangement and that has not been reversed. Would that not be a change you could make?

Lord Heseltine: You could make the business rate, certainly there is an argument for that, and you can do it in whole or in part on the incremental element that they have created. There is certainly flexibility there. I do not think it would make a great deal of difference to people's accountability of the local government; it would certainly make a difference to the enthusiasm of local government to generate extra rateable value.

Q449 Mr Betts: It would affect the gearing as well significantly.

Lord Heseltine: In those areas which are lucky enough to have the potential, but we will not have many of those in the next couple of years.

Q450 Sir Paul Beresford: If you went down that road you would need equalisation to slant it back.

Lord Heseltine: Yes, that is what the Treasury will try to do but given that in theory this is within the gift of government it does not necessarily have to happen. In practice the Treasury will try to do it, yes.

Q451 Chair: Can I just take you back to when you were a minister, Lord Heseltine, do you think the relationship between central and local government has changed?

Lord Heseltine: Over the 40 years enormously and to the detriment, in my view, of the way we run this country.

Q452 Chair: Can you give one or two specific examples?

Lord Heseltine: All governments have done it, they have hollowed out local government. Local government is now a creature of Whitehall and the process of management is much more dependent on the loyalties that the individual specialist departments in local government feel towards their parent department in Whitehall than to any local community of self interest within the community. That is reinforced and has been over many years by all the traditional methods we are very familiar with: the growth of quangos, circulars, directives, ringfenced grants. You name it, we have done it. I think it is enormously to the disadvantage of the proper balance in this country. We now have a deeply centralised and conformist society.

Q453 Chair: What specific powers would you push back to local government?

Lord Heseltine: I would start with the one thing that always matters in life and that is looking at the person in charge. I would go for directly elected chief executives; I would combine the chief executive and the leader into one job; I would pay properly; I would have a franchise of the whole authority. I would then have a bonfire of the controls which central government has created and I would abolish most of the big quangos that have become the vehicle for capital expenditure. I could name £10 billion of easy money starting with the Housing Corporation, the English Partnership, the Regional Development Agencies; you name them, they are all there. This is over £10 billion a year on capital account. I would move to a system which is really City Challenge built large; it would not just be the 30,000 impoverished communities which we dealt with in City Challenge, it would

be the whole authority and the authority would bid for capital funding based on corporate plans spread over a five or ten year period and they would get money dependent upon the ability of the community to satisfy central government that they would use the money effectively and that they have a lot of local support for additional cash to add to what the public sector provides.

Q454 Chair: How would that devolve power to local communities if they are just bidding into central government?

Lord Heseltine: They would be creating a plan of their own based on local requirements, local interests, local experimentation and there is not the slightest doubt that anyone who looked to see what City Challenge did would realise that it had the most profound effect on the head of local authorities both in the way in which they harnessed local enthusiasms and extra cash from different aspects of the local community. Perhaps even more so for the first time the officials in local authorities had to look at the community interests as opposed to the functional interests from which their money came.

Q455 Sir Paul Beresford: I would agree with almost everything you said except the very first part. When you were secretary of state back in the 1980s local government had much more freedom than it does now I believe. There were some quite big names - some of which you liked and some of which you did not like - who were leaders and did the same as you are talking about of elected mayors without being elected. One of the difficulties with the elected mayors point or leaders point is that if we do not have the characters and the strength to do it it does not work.

Lord Heseltine: I understand that argument and it is a very depressing argument: we have bad leaders, we cannot get good leaders therefore we accept bad leaders. I do not personally think we should be as negative as that. My own view is that one reason why we do not have a range of the sort of talent that one could look to - although there are some exceptions, it must be said - is that you expect people to do a totally thankless job seven days a week, 24 hours a day for £30,000. That is not real. The guy who runs the authority gets between £150,000 and £200,000; that is real and it is preposterous frankly that the chief executive of a major authority is earning in the top decile of income in his or her community whereas the leader is in the lowest decile. If you want a formula for disaster administratively that is it.

Q456 Mr Betts: Some might argue that in the past the leaders might be better paid, but to concentrate more power in the hands of one individual what happens if local communities do not want that particular model? Would it be enforced on them? The point we had discussions about before, if you concentrate power in the hands of one individual, does that not actually undermine the whole roll of political activism at local level and eventually take away the life of the political party?

Lord Heseltine: I do not think that activists have ever found a limitation on their abilities to activate whatever system of government exists. If you look at Stansted today activists have emerged to give a message. I think you have to look at the scale of the challenge. Running a great city is an enormous responsibility with huge significance for the macro-economic policies. I think it needs people of talent and energy and it needs a certain amount of time. It needs leadership and trying to get that leadership out of the checks and balances of the present council or system is not compatible with the scale of the challenge. We all know, let us be frank, that every party now ends up grubbing

around trying to find candidates to stand for these council seats. This is a highly professional world; people are busy. There are not a lot of people wandering around with the time available to do the sort of thankless task that being a councillor involves. You have a very limited number of people prepared to do it and that tends to mean you are going to get certain sorts of people doing it, a rather narrow choice. Once they have got there then you have got all the compromises that come from having 40 or 60 people all wanting their share of the action and I do not myself believe that that is what drives a great city. So it is a balance. You are perfectly sensible in asking the question, but it is the wrong way for the present balance in the 21st century.

Q457 Andrew George: Could I come back to the image you gave us of the Heseltine Mark II, if you like, reforms of local government where, let us say we have had the bonfires and the abolitions and the re-organisation of a much more involved local government where they are no longer the creature of Whitehall. How do you put in place a mechanism or a structure to stop the slide of power going back again into Whitehall? Is there a need for a constitutional change? Is there a need for something to happen to ensure that local authorities are able to keep their powers once they have been given?

Lord Heseltine: I would not put that anywhere near any list of priorities that I have in mind. First of all, the Commons would never accept a final barrier of the constitutional bill of rights or anything of that sort. Governments are elected; governments will change the rules as they are elected to do. Unless you are going to start having a British constitution I think it would be unrealistic to say that we are going to have a local government constitution.

Q458 Andrew George: You know, as a former minister, that whenever there is a crisis at a local level ministers are demanded to be responsible or at least to answer, whether it be a childcare issue in Haringey or a genophysio down in Kent. Ministers are called upon to have an opinion about it and sound decisive, to intervene and to have something to say on the issue.

Lord Heseltine: Yes they do and I think that is one of the weaknesses of our system, that that is exactly the background where they have created a paraphernalia of detailed control in order to give the impression they are in charge and that they can something. The fact is, they cannot. If you think about what a minister can do, they are sitting in Whitehall, they get very good advice from very dedicated officials and, as a result of that, they come up with a set of proposals which are broadly the compromise the system demands. Then they impose a pattern of behaviour that is supposed to fit every society in the land. Then something goes wrong. As we are a very small geographic country and we have a national press which is unlike most other countries of our sort, the whole thing focuses on what Parliament wants to do. I cannot think of many ministers who have ever done it, but they have not turned round and said, "Look, this is not my responsibility; it is the leader of the council's responsibility". I wish to goodness that there was such a dialogue. There should be because they have no sense of reality about what ministers can and cannot do.

Q459 Mr Betts: At an earlier discussion it was pointed out that that position may be starting to change a bit with regard to the Scottish Parliament where ministers now would not assume they were responsible for everything. You are saying with the British constitution it would change the constitutional base of local government, but without a British constitution we have changes the basis on which Scotland relates to the United Kingdom now, by an act of Parliament I accept, but

one which this Parliament would not be able to change in practice without some agreement with people in Scotland. Is there not a model there of some kind?

Lord Heseltine: Constitutionally they could change it. I do not say for a minute they will or should, but they could at the moment. However, I think that argument then comes back to reinforce my point. What conceivable argument is there that with the level of public expenditure that sustains the Scottish economy, that they should have a degree of devolution and yet Birmingham or London, with bigger wealth and less public expenditure, should have far less power? I do not understand that argument.

Q460 Chair: Can I just clarify something, Lord Heseltine? When you were talking about these elected chief executives, were you thinking about those simply for cities or do you think that is a universal model that you could have in rural districts and counties as well?

Lord Heseltine: You may possibly remember, but I was the person who was responsible for creating unitary authorities.

Q461 Chair: It did not go far enough in my view.

Lord Heseltine: In Scotland and Wales I did and if you ask me a second question - I am not going to tell you what it is - I would have to give you quite an uncomfortable answer. In England it was not possible to go as far as I would have liked, but I put in place the mechanisms and I am delighted to see now that the mechanisms are being used and the counties have become unitary and of course the big cities always were - or they have been for a very long time - unitary.

Q462 Chair: Some have suggested that the distribution of finance between local authorities should be done by an independent commission. Do you think that is a good idea or a bad idea or not politically feasible?

Lord Heseltine: It is not politics. I spent hours looking at the printouts of grant mechanism distribution. Every government has its own idea of what makes sense by way of a distribution pattern, but none of us ever found a way of getting a uniform consistency into the distribution pattern. You thought you had got it; you damped here and you levered there and you put in this and that and then up popped one of your safest, most loyal constituencies that was hammered to hell by this new process whereupon the official said, "I'm very sorry, Secretary of State, we have done 45 different printouts and it has to go to the printers tomorrow". That ends your political career in ignominy.

Q463 Mr Betts: Why did authorities not go further? What stopped it? Is that the question you did not want to be asked?

Lord Heseltine: It is not the question but I will answer it. I will tell you what the second question is because it is quite fun really. Why was it possible to do unitary authorities in Scotland and Wales? Because they were not any Tory councillors. The reason why you cannot get the sort of qualities that I am talking about advanced easily through the House of Commons is because you would be creating Mr Bigs more important than the local MP and local MPs do not like that; they want to be the number one character. I want to see the leader of the council the number one character.



Chair: Thank you very much, Lord Heseltine.

Witnesses: Rt Hon Nick Raynsford MP and Baroness Hamwee, a Member of the House of Lords, gave evidence.

Q464 Chair: Thank you very much, particularly Baroness Hamwee who has sat through the session. I want to start really by asking each of you, do you think the balance of power is in the right place at present between central and local government? If not, where should it go?

Mr Raynsford: If I can kick off and say that I do not think it is. I must apologise that because of other commitments I have not been able to sit in here for the rest of the proceedings so far today, but I did hear the relevant part of Lord Heseltine's comments and I found myself very much in agreement with him. We still have a position where ministers in central government too readily believe that they should and can take decisions that ultimately should be taken locally if we want to have a vibrant local democracy. I do believe the balance should continue to shift if we want to have effective local government.

Baroness Hamwee: I think it has moved enormously and it is now so engrained in the culture of local government that they cannot do things, they cannot use powers which probably they have; the finances are so restrictive that the focus is always on the council tax and not necessarily on the overall budget. Frankly I see council colleagues almost as ground down by what has happened over the last few years.

Q465 Mr Betts: We have had various witnesses in front of us and most will be arguing persuasively in favour of more devolution to local authorities until we get to ministers. That would be true of current ministers, past ministers and no doubt future ministers of whatever political party. Why is that the case?

Mr Raynsford: Let me try to give an answer to that because I think when I was the relevant minister - the local government minister - I put together a white paper which was published in 2001 and which did advocate a substantial series of devolutionary measures. That was part of a package which was also about giving clear incentives for improved local government performance. What I believed was absolutely crucial was the need to demonstrate to colleagues here that local government performance could improve and that they could have confidence that local authorities would respond well on the kind of issues they are concerned about. While they take a view that on the whole local government is not going to do things very well, while they feel nervous that their priorities are not likely to be implemented successfully at a local level, I think there is very little chance of getting them to agree that there should be more devolution. However, we did put in place in that white paper significant devolution measures. I slightly take issue with Sally because frankly local authorities were very, very slow to make use of many of those powers. Where I would agree with you is that I think there is a degree of deference in local government. Whether that is something that has been acquired over a period of years or whether it is something to do with the local government psyche I do not know, but too often local government waits to be either told by central government to do something or to be given explicit sanction. Too rarely does local

government, in my experience, take the initiative and try to do things which often they can do within the powers they have available, including the power of well-being.

Q466 Sir Paul Beresford: Recently in particular local government has had from central government checks, re-checks, audits, boxes to tick, stacks of paper, et cetera, et cetera. The comment made by many people in local government is that the fun has gone out of local government because they cannot do their own thing without being checked on constantly. In fact when you were talking about it, you were talking about checking local government.

Mr Raynsford: Yes, but I do not think it was very much fun if you were a resident in Hackney (which was a disastrously run authority under Labour control), in Walsall (which was a disastrously run authority under Conservative control) or in Torbay (which was a disastrously run authority under partly Conservative and partly Liberal Democrat control). I make those observations because there is nothing party political about this. Poor local government performance both irritated local residents hugely - quite rightly so - and also was the key factor that prevented central government ministers accepting the validity of the case for more devolution. I would say there has been a significant improvement in local government performance in recent years. I do not go along with all the checks and all the details but there is no question that the comprehensive performance assessment framework that was put in place to give a more rigorous performance management regime to local government has helped raise standards and that, in my view, is fundamental to getting central government's agreement to a devolutionary agenda.

Q467 Sir Paul Beresford: It is possible to use the stop gap, that is if local government was appalling, whatever its political complexion, government could step in. Therefore it was possible to give them the freedom but still have that stop gap at the very end if needed.

Mr Raynsford: We did and we have actually intervened in Hackney as you know very well. I think that was absolutely the right thing to do but we were also extremely reluctant to intervene unless it was absolutely the last resort and there was no other way of getting a result. That should be, in my view, the correct relationship.

Q468 Chair: One of the witnesses that we had earlier - Baroness Hamwee will have heard him, Vernon Bogdanor - was saying that actually if you look back to the 19th century municipalities were competing with each other to be the best not the worst and that therefore if you freed up local authorities there is no evidence that they would compete to be dreadful, they would compete to be good.

Baroness Hamwee: Yes, I think they would compete to be good but at the moment the focus is so much on playing to the performance indicators, doing the things which are going to be measured and which they know are going to be measured and, financially, on council tax. When I was a councillor in Richmond my ward bordered on Wandsworth. On my side there was local authority housing and quite large houses on the other side of the road in Wandsworth. Richmond council tenants were paying much more in council tax than people in Wandsworth. You could explain it but you would lose them within 30 seconds. There were good explanations (looking at Sir Paul Beresford) but how can you ever take people along with the complexity of that. I think that that undermined people's confidence in local government enormously.

Mr Raynsford: I do not think any local authority starts out to be a bad local authority but unfortunately the evidence is that some local authorities failed very seriously in performing their responsibilities. It is essential to have a mechanism to keep local authorities on their toes. Unfortunately the financial regime we have is one in which it is so opaque - I agree absolutely with Sally's view - that it is very difficult for the average voter to have an idea as to who is responsible for either an unpopular council tax increase or a failure to deliver a service which they want because in some cases the council will say it is the responsibility of central government and we are not given enough grant, in other cases they will say, "Actually it is nothing to do with us, it is the county council, a precept from another body that is responsible for the increase" and the public are absolutely mystified. I often tell the story how, in 2003, when council tax increases were provoking a lot of anxiety in various parts of the country, I went to attend a public meeting in Exeter. There were a lot of very angry people there. The four components of the council tax increase levied in Exeter were the district council which had levied the smallest increase but got most of the flack, the county council which levied a much larger increase and got a certain amount of the flack, the fire authority which levied a precept which was even larger than that and which was virtually unscathed, and the police authority which levied the largest amount of the lot whose chairman actually said she was concerned that there was a risk of public unrest because of high council tax increases.

Q469 Andrew George: Can I take you back, Mr Raynsford, to your comment that you had not been here for the other evidence and in fact we gathered from the other evidence - four academics and Lord Heseltine and certainly the written evidence as well which is clearly all moving in the same direction - that powers have been denuded from local authorities. You have advanced here at the end of our evidence session the argument that in fact what we need to do is to continue to shift the powers back to the local authorities as if in recent years those powers have been shifting. The evidence which we have had from a variety of people points out the prescriptive nature associated with legislation, the proliferation of targets and performance measures, the role of inspectorates backed by the threat of intervention from central government, the centralised financial arrangements, the movement of functions away from local authorities to locally appointed boards and quangos, the proliferation of requirements on local authorities to submit plans to central government as well as, I might add, the competition for funds and awards and other means by which money is not actually given directly in the basic grant. How can you possibly argue that there has been a tendency or a trend towards the decentralisation of government?

Mr Raynsford: There are a whole series of controls over local government that central government had previously put in place which were removed. I will go through them: the power of well-being I have referred to already gave greater power for local authorities to do things if they wanted to; there was no longer the problem of ultra vires. The borrowing approval regime which had severely restricted local government's ability to borrow was replaced and the prudential borrowing regime was introduced. There were a whole series of other measures. I remember introducing the ability of local authorities to remove discounts on empty second homes, a very popular issue among local government, and again we gave them more power to be able to charge for discretionary services they had not previously had. If we want to sit here for a great deal longer I could go on over a whole series of other changes that have been made. That is why I say there has been a wish to give greater say, greater control and greater power to local government but it has not been easy without the

confidence that local government would perform well which was, in my judgment, necessary to convince colleagues that it was right to go down that route.

Q470 Andrew George: Are you concerned that you are the only person who has presented evidence to suggest that the trend has been going in that direction? Do you disagree with any of the list which I read out to you which came from the written evidence of Professors Jones and Stewart? Do you disagree that there has been a trend in the direction that I have just listed?

Mr Raynsford: I do disagree for the reasons I have just explained. Obviously there has been, as part of the principle that I have set out, the application of a performance management framework to ensure high qualities of performance in local government. I do not pretend that every aspect of the comprehensive performance assessment and what replaced have been right. There has been, in some cases, too much supervision and probably too much targeting and some of it is probably not focussed on the right things, but that was the quid pro quo for substantial additional powers to local government for the items I have described to you which I think Professor Jones and his colleagues might not want to say because they have a different agenda, but they would have to admit that a number of the previous restrictions on local government have been removed in the last ten years. I think the government has been quite right in doing that.

Q471 Sir Paul Beresford: The answer from local government was that on the face of it you are right but in respect of the actual actions you have taken instead of it being door checks it was back door checks and there are checks on everything so that you can prove to yourself presumably and to local government and to your other ministers that local government is successful. All these checks and so forth that Andrew George has just read out still exist; they exist behind it. As for the borrowing side, of course there is always a revenue side to capital and that automatically restricts it for the local authority in any event.

Mr Raynsford: I think there are a lot of people in local government who would agree with my analysis. I point you no further than the editorial in the latest issue of the Municipal Journal which says something very much along those lines. It is up to local government to prove in the aftermath of the Haringey incident - Baby P - that local government can be trusted and will deliver a good service. I think that is absolutely right; I want to see that happen.

Q472 Andrew George: Can we nevertheless agree on this, that we need to push decentralisation out still further? Even if we disagree with the analysis of what has happened in the last ten or so years, we still agree that more needs to be done. If that is the case, then where should we start? What should be the first things that any government should be doing in order to achieve greater decentralisation?

Baroness Hamwee: The impression I get - I may be quite wrong about it - is that either the releasing of powers or indeed the imposition of more responsibilities on local government comes from Whitehall with next to no discussion with the local government world and I think to start I would like to see a local government bill drafted by a joint working party coming from the two areas. I would love to see a minister standing up in Parliament and saying, "I am sorry, I cannot answer that; it is a devolved matter". At least one hears it a bit in London now; that does not seem to stop people asking questions about London, even Parliament, and trying to pin responsibility on ministers. However, more joint working because it should not be top down, it should not be

government saying, "We've been sitting in our department for however long and we've come up with this idea, now you react to it". I do not think it should work like that. Local government is being told to work in partnership all the time and it would be nice to see that applied at a higher level or at any rate negotiation for announcements. Again, I may be wrong but I do not believe that there was discussion with local government before the announcements about money for swimming and what local authorities should do about providing free access to pools for older people and younger people. That sort of thing should come from joint working I think. The issue of secondments has arisen earlier this afternoon; I would like to see a lot more secondment. There seems to be very little understanding among civil servants of what it feels like to be working within a local authority.

Mr Raynsford: I would differ on that. Firstly I would say that in the course of the period that I was in government we brought in some very, very senior civil servants. The civil servant who headed the department dealing with local government matters in what is now CLG (it was then ODPM) came from the LGA where he had been working for the previous seven or eight years on secondment. We brought in others directly from local government; it was a deliberate policy. I have to say there was detailed discussion with local government about all the major changes we introduced. I remember the discussion about a comprehensive performance assessment went on for more than a year to ensure that we continued to refine and change the system to get it better. So I do not accept the argument that there is not proper discussion between central and local government. In answer to the question about what is the key thing, it must come down to finance. While it is not clear to the electorate who is responsible for decisions - whether it is central government because of the large control they have over grant, whether it is different authorities because of the system of precepting, whether it is local government because of the share of the council tax that it ultimately determines - it is simply not satisfactory at the moment. Until we get a larger balance of funding within the control of local government and local government can be seen to be responsible for its financial decisions, I do not think we will ever get a framework of really good, effective and accountable local government.

Q473 Mr Betts: How would you achieve that? I agree with the points you are making about the powers being pushed incrementally in some cases to local authorities and they have to use them and show that they are willing to, but I agree that the financial question is absolutely vital. We are really left with the same system we had in 1997 and almost everyone seems scarred by the poll tax and what happened and nobody dared touch the whole arrangement. We had a possibility with the Lyons Report that we would have some radical change. The one thing they looked at really was the issue of the business rate and they even, in my view, bottled out on that which would have been the first obvious step to take towards rebalancing. What should we be doing in practical terms to try and get this rebalancing?

Mr Raynsford: I do think it has to be incremental. I think the evidence of the poll tax gives a very clear warning against trying to do big bang changes in local government finances. I think the work that was undertaken in the balance of funding review which then led onto the Lyons Report set out options for an incremental series of changes partly to do with reform of the council tax, partly to do with the introduction of additional revenue sources and we at least are seeing the introduction of an element of supplementary business rate which is a very modest step in the right direction. For

someone who advocates an incremental approach I am pleased to welcome the small bit of progress that is being made; I would like to see that built on.

Q474 Mr Betts: What would you do about capping/

Mr Raynsford: Capping is the one element in the 2001 White Paper that I was unsuccessful in carrying forward the pledge that we would remove capping progressively. I will tell you quite openly why. We said that we would start by exempting authorities that secured an excellent category in the comprehensive performance assessment. In the run up to 2003 we saw those very large council tax increases I have referred to in which the largest single increase in the country was posted by Wandsworth council which increased its council tax by 50-plus per cent, having cut it by 25 per cent the previous year which happened to be election year. That left me as minister in a position where it was clearly completely irrational for me to cap other authorities when the authority that was responsible for the largest increase in council tax in the country could not be capped because we had pledged that we would not cap excellent authorities that year. That forced us into a position of reconsidering the pledge and that is the one pledge in the 2001 White Paper that was not implemented. The other devolutionary measures were all implemented.

Q475 Chair: Why could you not just have scrapped the whole thing since it demonstrated exactly how councils can play around with it? In fact, if they cut it by 25 per cent and increased by 15 per cent, then over a two years they had actually cut it ----

Mr Raynsford: It was 50 per cent, not 15.

Q476 Chair: So it had gone up, but it demonstrates that the whole system is ridiculous. Why was it not said that it was unworkable and get rid of capping full stop?

Mr Raynsford: That was the background for the setting up of the balance of funding review. I have already alluded to the work we did in that review over the period through 2003 and 2004 to try to establish a way forward. Sadly that work was not completed before the 2005 general election and subsequently I was out of government. All I can say is that the subsequent work that Lyons did I felt was generally going in the right direction and I supported it.

Q477 Sir Paul Beresford: The problem with your argument I think was pointed out to you by John Humphries on the Today programme when he pointed out that 50 per cent of not very much is still not very much and Wandsworth still came in with the lowest actual average council tax throughout the country. Therefore the answer still stands. Capping should not have been there.

Mr Raynsford: It did not stand at all because clearly if the government was to take action and there was genuine concern around the country about the high level of council tax increases (I have alluded to the public unhappiness in Exeter but there were many other parts of the country where that applied) and we were being called on to use to the capping powers which still existed, it was not feasible to use those powers if the authority with the largest increase could not be capped because of the pledge that had been given. That was the basis on which we had to withdraw that particular pledge.

Q478 Andrew George: If we were to move, taking the incremental argument, from a situation where local authorities were less dependent on central government support as a proportion of their

overall expenditure and more to a larger extent on locally raised income, in order to ensure the evening out of the inconsistencies across the country as a whole, what is the lowest level do you think that central government, if you like, support grant can be brought down to in order to assist the kind of system you are talking about?

Mr Raynsford: There have been changes since I left government and changes can affect these issues quite dramatically, for example the changes in education funding has been a very significant one. Certainly the time when I was conducting the balance of funding review we felt there was little or no difficulty in achieving a position where, on average, local authorities should be able to account for at least 50 per cent of funding within their area without that interfering with the equalisation system which most Members of Parliament would agree is fundamental to achieving a fair distribution of resource.

Q479 Mr Betts: Did you ever look at an alternative to capping? We have just been to Denmark and Sweden looking at their systems. In Denmark the central government takes the view that local authority expenditure is important simply in terms of its macro-economic policy and the amount of taxation that has been levied on its citizens and therefore it sits down and agrees with local government as a whole through the local government association what the total expenditure and taxation for the local authority should be and then leaves it to the association and its members to work out that arrangement between themselves. It is a completely different way of doing things.

Mr Raynsford: I will just remind you that we did pledge in the 2001 White Paper that we would progressively end capping starting with the excellent authorities and, assuming that all went well, then extending to other authorities. That was the pledge in that White Paper. It was not conditional on other things, it was a pledge. Unfortunately it backfired for the reason I have explained and it gave a lot of my colleagues here, I am afraid, a view that local government, if given the opportunity, would actually increase council tax unreasonably. In that situation we are back to a position which is further back from what I would ideally like to see than we were in when we set out that pledge in 2001.

Q480 Mr Betts: I think some of us might feel that ministers within the CLG and indeed officials are now on a path of wanting to devolve. There is a feeling - this goes back to your time as well - that it was the right way to go to try to get a new balance between central and local government. There is also the feeling that clearly did not always extend beyond that department and local government clearly has a lot of interest in other central government departments. I will just give you one or two examples. We had the draft Regional Assemblies Bill and I do not think there was a power that any other central government gave the department apart from ODPM (as it was at the time) were willing to give up to the regional assemblies. The issue has been mentioned about education grants which I felt for you on because you had just given commitments about reducing the level of specific grants for local government and then the Department of Education simply went and said that the whole lot is going to be passed down to schools effectively. When we had the Health Minister before us, Anne King, she is almost terrified of the idea that local authorities might become commissioners for local health services instead of appointing PCTs. It appears that the commitment to devolution is almost within one department and not spread out. Is that a fair assessment?

Mr Raynsford: I think it is an over-statement but there is an element of truth in this because unquestionably other ministers in other departments tend to see issues from the point of view of how their particular concerns are implemented and if they are the responsibility of local government to implement them they want to feel confident that that will happen. There is a degree of reluctance unless they are confident that things will happen well. In the course of my discussions with my colleagues - I had endless discussions with very large numbers - on a lot of issues we gained ground, we won support for the approach which was a devolutionary approach but it was a conditional one, it was conditional on evidence of improvement in performance. I think that is the only way to go. I think it is the way it should be resumed and sustained in the future, but I am not going to pretend that it is going to be easy.

Baroness Hamwee: I think there is a difficulty in authorities not going forward more or less at the same rate because of being judged on council tax - I keep coming back to it, but you did as well, Nick - against what other authorities in the same area or what they are told by the press are charging. If one gets into a position where some authorities are given the opportunity to charge more unless they know that that is going to be understood as a nationwide position then I think they will have real problems in grasping that.

Q481 Mr Betts: Coming onto the constitutional position, we had the discussion earlier about the fact that Scotland and Wales now have a constitutional settlement which will be varied and added to at various times, but it is inconceivable now that the UK Parliament would row back from that settlement by passing an act without agreement from Scotland and Wales. Is there any way we could get some agreement on the constitutional position of local government? We have had ideas put forward about a central/local concordat which has almost disappeared without trace, or the charter of local self-government being put on the same basis as the Convention of Human Rights on a legal footing where there could be a joint committee of both Houses to oversee and monitor the relationship between central and local government. Do any of these ideas appeal to you in trying to create a more constitutional settlement between local and central government?

Mr Raynsford: I have to say I am a bit sceptical about constitutional approaches. You referred to the particular example of the framing of the regional assemblies legislation. When central government is required to define what it is going to delegate or devolve it will always find reasons to be cautious. I have a view that the right way forward happens to be one that tries to both incentivise and empower local authorities to do better and to win confidence that actually they are well capable of delivering services excellently. I do agree very much with the view that Lord Heseltine set out, that having powerful and effective unitary authorities is definitely part of that process. I think that a series of measures designed to create strong, powerful authorities with devolution to parish councils and other bodies to ensure that the local concerns are not ignored, coupled with a reform of finance along the lines I have described, coupled with the maintenance of a performance management framework, that that is the right way forward to build more effective, more confident local government and to make central government more confident to agree, through arrangements like LAAs and MAAs that local government with its partners can play a bigger role in defining the priorities for their area.

Baroness Hamwee: I do not see a major piece of legislation trying to set out the constitutional position as likely to be as effective for local government as I would want to see it. This country



tends to do things incrementally. The idea of a joint committee of both Houses does appeal to me. I would like to see the local government world, whether it is the local government association and some disappointment perhaps was expressed earlier, I share that disappointment, I think they should be much more ambitious but I think they need to play a part in that not, as I read what happens with the Local Government Association, they are too supportive of what is going on and are not sufficiently critical either of central government or frankly themselves.

Chair: Thank you both very much indeed.