

HOUSE OF COMMONS
COMMUNITIES AND LOCAL GOVERNMENT COMMITTEE
THE BALANCE OF POWER: CENTRAL AND LOCAL GOVERNMENT

Monday 15 December 2008

MR JEREMY SMITH and MR MARTIN WILLIS

COUNCILLOR DAVID SHAKESPEARE, COUNCILLOR RICHARD KEMP, COUNCILLOR
KEITH ROSS and COUNCILLOR SHARON TAYLOR

Evidence heard in Public Questions 482 - 576

Members present

Dr Phyllis Starkey, in the Chair

Mr Clive Betts

John Cummings

Anne Main

Memoranda submitted by Jeremy Smith and INLOGOV

Examination of Witnesses

Witnesses: Mr Jeremy Smith, Secretary General of the Council of European Municipalities and Regions, (CEMR), appearing in a personal capacity, and Mr Martin Willis, Director of the Institute of Local Government Studies, (INLOGOV), University of Birmingham, gave evidence.

Q482 Chair: Can I welcome you to this session in our inquiry on the balance of power? As I am sure you are aware, we have had a number of sessions already and we have also had a visit to Denmark and Sweden to look at the system of local government in those two countries. What do you think are the key lessons that we could learn in this country from the local government system of our European neighbours?

Mr Smith: Thank you for inviting us. My main lesson from quite a few years working in the European domain is that you really have to look at the whole system of a country and you cannot necessarily pluck bits and pieces out of it. Having said that, as I put into my written submission, I think the UK as a whole - especially England - is an outlier in the more centralised scheme by comparison with anyone else. That therefore creates a political culture which we would argue needs rebalancing. On the issues, in most countries there is an interest obviously in the quality of services. In some countries like France it is considered almost unthinkable that the central government intervenes in the local domain but, for the most part, there is no question of the degree of central inspectorial system that we have had in this country over recent years. I think that raises a question to think about. The issue of finance which other witnesses have talked about as well is obviously very important. If you look at the system as a whole we are certainly not the weakest financially, but the amount of control and discretion is very limited in this country by comparison with many others. Lastly, the lack of constitutional status in any shape or form in the UK seems to make us not absolutely unique but in a very, very small minority amongst European countries. I still believe that, although constitutional issues are not the final word in anything, it is essential if we are to rebalance our whole democratic system that there is some restatement, probably in legislative form, to get there.

Q483 Chair: Mr Willis, do you want to add anything?

Mr Willis: The key point I want to add is the issue about size. It is an issue that we emphasised in the written evidence that we put forward. There is the enormous contrast in the ratio of councillors to the numbers of people they are representing from as low as 100 to 200 in France up to figures of fewer than 1,000 in most of the comparative European authorities that we looked at; whereas in the UK we are up to figures of well over 2,000 and approaching 3,000. In some authorities that are being developed now there are over 4,000. That key issue of size is one about the extent to which it is possible for local councillors to know their local people, to have a relationship with local people, to have communication with local people and vice versa and for that to be the life blood of democracy. The other contrast to that is the evidence we showed, particularly from the BMG survey that was done alongside the Lyons Report. It was probably more dispiriting than we expected in terms of the degree to which people not only did not know who their local councillors were and did not have contact with their local councillors, but felt not degree of affinity with their local councillors. That contrasts with some of the evidence from Europe.

Q484 Chair: Mr Smith was talking about the need to look at the whole system. Of course in places like Denmark and Sweden they have proportional representation so, although the ratio of electorate to councillor may be smaller, the link between a councillor and a specific area is less clear than it is in this country. Do you take that into account?

Mr Willis: That is absolutely right but nonetheless, if you have the number of people who are represented by a councillor, whether it is through a single, transferable vote or whether it is through any other system of proportional representation, there is still that linkage which is more purposeful than if you have 4,000 or 5,000 people that somebody is trying to represent, or in some instances within the UK we are talking about average populations per councillor of over 100,000.

Q485 Anne Main: That would beg the question then how on earth can any Member of Parliament understand and have a linkage with our constituents if you are saying it is a sheer size thing, but I will pass on from that. Would you not have concerns if you made the link as small as, say, a couple of hundred per councillor that you would have such a large volume of councillors that it would lead to a sclerosis in the system in terms of getting anything done?

Mr Willis: My colleague, Jeremy, will give you more examples I am sure of how this works in the European context. What we are talking about is a relationship between representative democracy and participative democracy. Most local authorities at the moment have extensive systems of trying to get public voices heard through public meetings, through systems juries, focus groups, young people's parliaments and so on. Where you have a system of local representation where local people feel that they are represented by somebody whom they know, they then become the voice of the local community. Through systems of representation, they then form the regional, local authority, the regional, local council or whatever else that might be. We are not talking about 1,000 people sitting down and making decisions.

Q486 Anne Main: What about at parish level - I have been a parish councillor as well - where you can be representing a small number of people but it is not the engagement that is the problem; it is the lack of power that is the problem. I wonder how really crucial size is to this?

Mr Willis: You are absolutely right. In terms of parishes, I think they spend less than half of one per cent of local government expenditure. The parish is crucial. You have to have a system whereby a person who represents a small community can have access to decision making about key issues, whether it is to do with larger services such as health or services such as the police or the current local government services which are within the local domain.

Anne Main: Therefore it is not necessarily size; it is power.

Q487 Chair: Can we turn to the issue of powers and talk about the additional powers that you would want local government to have in this country that it currently does not have?

Mr Smith: The first thing is to get out of the ultra vires trap. There is a lot of debate in the country about whether local authorities are using the wellbeing power and I think that is a false question. The wellbeing power should be the power of general competence - i.e., the power to do anything at local level that is relevant to local interests unless it is clearly ascribed to some other part of the governmental system. We have to make sure the judges and the courts understand that as well because of the whole history of hundreds of years of the ultra vires doctrine, but there should not have to be a question of whether you are doing this for the wellbeing of the community as against under some other statutory hat. The question should be are we doing it for the wellbeing of our community almost irrespective. Although there are clearly statutory functions that need to be performed to do with education, social services and all the others, we should be moving away from this division. The other issue is the question of whether there are services now run in terms of health, the police and others through the quango systems and whether local democracy should have a say. I believe that the answer is yes but we need to look carefully at what are the various options for doing that instead of reorganising wholesale everything all at once. Some degree of local democratic control over the health service seems to me to be something that we ought to be aspiring to.

Mr Willis: There are two levels to the answer. One is a level of talking about individual services such as police and health, where more local, democratic control would mean a people's voice at local level. I know that other people at the Committee have talked about that. The issue that I would like to focus on is the issue of strategic commissioning in relation to place shaping because that is work that currently at INLOGOV we are doing with a number of different local authorities. That gets you into influencing in a very different way. It gets you into looking at things from a people base. For example, in Birmingham where I live, you are looking at what makes Birmingham a great place to live in, what makes Birmingham a great place to grow up in - even what makes Birmingham a great place to die in so that people are not moving away. You are then saying, "What powers do people have?" People's powers then become much broader. When you are talking about older people, you are not talking particularly about health and social care because those are simply issues at the periphery of most people's experience most of the time. You are talking about shopping, going to the libraries, transport, buses, the police, what is happening at Tesco and Sainsbury's, how people are getting into town, how people are making sure that they are getting neighbourhoods which they feel safe in. It is perhaps surprising when you start with a blank piece of paper but the strategic issue becomes things like the quality of the pavements which I know some councillors have criticised and said, "All people are interested in is the quality of pavements." Without good pavements, people cannot get out and see friends or go to the shops. People cannot get to school if they are taking children to school. Those then become the issues that make independence so crucial to people within a neighbourhood.

Q488 Chair: How could you possibly describe that as a strategic issue? I can see absolutely why pavements are important, not least in making sure people do not end up in A&E, but it is not exactly

a strategic issue. It may be an issue that would be highlighted by the public, which would not be highlighted by council officials or councillors, but it is not strategic.

Mr Willis: It is strategic because it is strategic to people's experience of every day life.

Chair: I think I am losing a grip on what "strategic" means.

Q489 Mr Betts: I am not sure where this big division is about powers that are needed. We have mentioned the police and health. You rightly said we have already had discussions that have identified two areas where there is real potential for local authorities to have more responsibility on local issues. I am not sure what more a local authority could do if it had a power of general competence as opposed to the wellbeing power. What would be allowed by a power of general competence that is not currently allowed? In any case, local authorities are not using the wellbeing powers, are they, by and large?

Mr Smith: My argument is that that is not a question that should continue to be the question that bothers us because the wellbeing power, in legal terms, is an add-on to the other functions of local authorities. It should be treated as being the basis for action by local authorities. Rather than thinking: am I using the wellbeing power or another power, it should be a judgment in terms of what is called place shaping or doing things that are of local importance to citizens. It should be a choice that is made because of what you want to achieve, not because of looking back on the legal powers that exist to do it. I am not bringing you with me obviously. In other countries, if I may try again, if you look at all the constitutions, they say everything that is not given to someone else is open to the local authorities to do. I am trying to argue that that is what we need to get to so that there is that sense in the local authority that we can do anything lawful that is for the benefit of our community and we should not be worrying about whether it is wellbeing or social services.

Q490 Mr Betts: Instead of local authorities having to look for a specific power to do something, somebody would have to look for a reason in law why an authority should not do something?

Mr Smith: Yes. That is what happens in most European countries.

Q491 Anne Main: One of the biggest things that gets my constituents agitated is planning because they believe that is place shaping at the ultimate level locally, but they feel that they have to abide by regulations that are brought down from government or even housing targets. How would you resolve that? The argument for many people is stop letting government tell us we have to have X

thousands of houses. Let us decide what sort, what density and so on. You said what is not decided by somebody else can be done locally. From my experience, they want some of the things decided by someone else to be done locally. Could you comment on that?

Mr Smith: Yes. Any planning system is a shared competence, not in the sense that everyone does everything, but in the sense that there has to be a clarity about the legal framework as to what is decided at national level, at regional level in countries where there is a regional form of government and what is local planning. If you included parish and community councils in the British setup as local authorities, we would look very normal compared with other countries in Europe. It is the fact that they have so little power that means we kind of ignore them for most cases. Therefore, the question of what is appropriate for planning frameworks is in any country an issue that has to be worked out. There is not an absolute model as to what is the very local planning and what is done from the regional or the central level. It has to be worked out as to what is suitable to the local community.

Q492 Anne Main: How do you make this work then? I am still struggling to see which strategic thing you would want repatriated to a local level where local people can say, "I do not care what the government is saying. This is what we in X town should have." How do you make that happen so that they feel they have control?

Mr Smith: My argument is for the basic services such as health - particularly primary health; you can also include the natural monopolies which have been mainly privatised but which are public services in the sense that they are given to the public to have some say. I am not saying control; I am saying to have a greater say on behalf of your citizens in relation to those services for example. The issue is not so much the repatriation of things like planning at a local level or all aspects of planning because you have to have strategic planning. You have to have regional planning.

Q493 Anne Main: It is just having a greater say?

Mr Smith: It is a question of having fewer controls. In health, it is a strategic choice, if I may say so, for us as a country as to whether we wish to have, as in some countries, the whole of the health service being subject to the local democratic process; or whether you want an existing health service such as we have with a greater local, democratic input to it. That is a discussion to be had.

Anne Main: What do you mean by "local, democratic input"? Does mean they can say yes or no to things?

Q494 Chair: You were both quite vague about how exactly you would get local accountability over the police and the health service for example. If you felt able to be a bit more specific, that would be helpful.

Mr Willis: There is a number of different issues. Can I come back to the issue about a general competence and then I hope progress in terms of the other questions that have been asked? A lot of what we are talking about is about mindsets rather than simple answers that are yes or no. You have heard from other Members of this Committee about the extent to which local government feels it cannot do anything now without checking whether first central government is approving of it. You have heard other people talk about how a lot of the pressure for guidance comes from local government. People say, "We need the guidance before we can determine what we can do locally." There is now this mindset where people feel, even though the powers exist at local level to do things in a way which represents local people's views, they cannot do things unless central government has prescribed it, even though that is not what central government itself has intended. How do we then get back down to a local level and local self-determination? If you look at different cities and different towns, there is considerable difference in the amount of investment they put in play areas, in swimming pools, whether they have central areas without traffic and so on. What we are talking about is the balance in terms of the extent to which local people can have an influence to determine their own town, their own city, their own community in the way that they themselves want to represent it.

Q495 Mr Betts: One of the big areas where people have thought change might be appropriate is financial autonomy. Do you think that a greater ability to raise a higher proportion of councils' revenue, rather than having a grant from central government, is essential if we are going to have a truly free and independent local government?

Mr Willis: The straightforward answer is yes. Money is a means of communication. It is the way in which we conduct certain transactions between people and hold people to account. A key issue at local level is, if I am paying money, am I getting value for money? Am I getting something which I think is valuable to myself, to the community and seeing that relationship as being tangible and transparent? Yes, we would argue strongly that a higher proportion of money for local government should be raised locally and held accountable to the electorate locally.

Q496 Mr Betts: Michael Lyons thought all we needed to concentrate on was local authorities' freedom to spend the money they had and really we were getting distracted by the arguments about increasing proportions of money being raised locally and that always got bogged down in rows and disagreements. He felt that was really almost a side issue that we should not get pushed into.

Mr Willis: As others have said, Michael Lyons's analysis was trenchant. I think his recommendations were timid.

Mr Smith: If I may come to the European Charter of Self-Government which has those principles in it, one is that there should be an ability to raise own resources and, secondly, that as far as possible grants should not be earmarked. There should be discretion within the use of them. That is what we have signed up to as a country. The problem with the British one is also that we have no diversified system of local financing which means the gearing impact makes it very, very expensive as you know to add to local taxation, even if were not capped. The present system needs greater diversity in the tax base and we also need greater discretion in terms of how the money is spent.

Q497 Mr Betts: Amongst a number of organisations and people involved with local government are MPs. There could be general agreement that local authorities need a greater ability to raise money themselves. More money should come from local sources rather than central government grant and we should have a bigger variety of sources for local authorities to draw from. The harder question to answer is what precisely should those new sources of taxation be. That is where the disagreements usually begin for individuals who might have common cause on the general issue. What are your prescriptions then?

Mr Smith: I am here in my individual capacity but I have members who are in the LGA and they have different perspectives. At a personal level, I still believe that you need some link with a kind of business rate or something similar to that that has an ability to determine locally. That is very important because I think the link between the local authority and the business community does need to have that aspect to it.

Q498 Mr Betts: If we transfer the business rate back, that would hardly get us to around 50 per cent of the money being raised locally which does not put us in a terribly favourable light compared with many other European countries.

Mr Smith: There are many different taxes but they are also being squeezed in some ways as well. Some of them are countercyclical. If you have some taxes on business or some taxes on business activity or hotel taxes and things like that, they can raise more in good time.

Q499 Mr Betts: What are you recommending?

Mr Smith: My view is you need a wider property tax. I think that some form of use of income tax is worth pursuing, personally. That is a personal view.

Mr Willis: A straightforward local income tax is a tax that people understand. It is a tax where people see the relationship between what they earn and what tax is being spent. It is a tax where people can be held to account.

Q500 Anne Main: Would you say that local income tax raised locally would stay absolutely local?

Mr Willis: Yes.

Q501 Mr Betts: Are you arguing for a local income tax by itself or together with the council tax or together with some other taxes?

Mr Willis: You are asking for a degree of detail which I would not feel confident in giving. The most important point is this point of principle. If people themselves are paying locally, then they are more likely to be excited and concerned about the relationship between what they are paying and what they are getting. It is that which is the principal issue which we are wanting to put forward in terms of the link between local income taxes or local taxation and local democracy.

Q502 Anne Main: How local is local for raising an income tax, in your estimation? What would you say would be local?

Mr Willis: In this context I think it is going to be substantially similar to local authority boundaries at the moment. The difference with a much smaller representation is that you have many more people's voices being brought into that context, but in a district context.

Q503 Anne Main: A local, district income tax?

Mr Willis: Yes.

Q504 John Cummings: Mr Smith, I see that you are here in a personal capacity. Is that because your organisation does not take any viewpoint at all?

Mr Smith: No. My organisation is a European one and speaking in a UK capacity I do not have a mandate to speak specifically.

Q505 John Cummings: We are part of Europe, are we not?

Mr Smith: Yes. That is why I can give the views of my organisation which I am about to on the issues of the constitutional side, if you are going to ask me.

Q506 John Cummings: I was wondering why you are here in a personal capacity rather than as an official representative.

Mr Smith: It was because I did not have the explicit authority from my president or anyone to give evidence to this Committee.

Q507 John Cummings: Did you seek the authority to come?

Mr Smith: No, I did not as such. We have longstanding philosophical and political positions in favour of local self-government which I am articulating, or trying to.

Q508 John Cummings: Could you tell the Committee whether you believe that Her Majesty's Government is compliant with the European Charter of Local Self-Government?

Mr Smith: Thank you for the question. I did a little study a few years ago on this. I think in most respects the answer is yes or probably yes, but there are one or two points where I think the answer is no. The first and the one I would like to call to the attention of this Committee is in Article 2 of the European Charter of Self-Government which says that the principle of local self-government shall be recognised in domestic legislation and, where practical, in the constitution. Although we have laws on local government, I do not believe that any principle or principles of local self-government are set out anywhere in our domestic legislation. This is a weakness and that compares adversely with not absolutely every country but a very large majority of European countries. The

second area that we can argue about is on finances. The issue of a sufficiently diversified and buoyant character of the tax base is one where I think we do not have it at the moment under the existing system and also the system of more specific grants is an issue where probably we are in breach. Most importantly - it is quite complicated language - Article 8 of the European Charter deals with administrative supervision. Effectively it says that administrative supervision of local authorities shall normally aim only at ensuring compliance with the law and with constitutional principles. "Administrative supervision may also be exercised by higher level authorities in respect of tasks the execution of which is delegated to local authorities." In many European countries you get a division between local tasks and ones which are given to local authorities by central government on its behalf. Those it can look after more deeply.

Q509 John Cummings: In view of what you have said, does it really matter whether the government is compliant or not?

Mr Smith: Yes, it does matter because this is an international treaty which the United Kingdom Government signed in May 1997 and was ratified by both Houses of Parliament in 1998. It is therefore a solemn, binding undertaking.

Q510 John Cummings: Who is policing it?

Mr Smith: As you know, a lot of international treaties are not policed in a rigid sense. It is de facto looked at by the Council of Europe which has a congress of local and regional authorities who do monitoring visits and report to the government. That is how a lot of international ones are dealt with, but the fact that there is no direct policing and no police force that will land on us does not mean that we should not be implementing it. I believe it is a tool that the Local Government Association have started to take up and I think it is one that is not properly considered by government when they test legislation. It has hardly been in the thinking of government since they ratified it. It was put on the shelf.

Q511 John Cummings: Would you tell the Committee whether you believe the central-local concordat has had any impact?

Mr Smith: To my knowledge, to some extent but not a huge extent would be my understanding.

Mr Willis: I think the answer is very limited indeed. The central question from my point of view is whether or not local government is seen as the administrative arm of service delivery for central

government, whether it is direct service delivery or through procuring services; or whether local governments are seen as local parliaments. My concern is the extent to which local people do not see local governments as part of local democracy. I think that is something to be regretted. What I feel both the concordat and the charter were designed to achieve is that notion of local governments as local parliaments with people feeling that they do have a representation at local level.

Q512 John Cummings: Once again, how would you police this matter and how do you believe it should be enforced?

Mr Willis: Ultimately, I think it is for people themselves to police it but the concordat does not go far enough. I would much rather see something which was in statute which is how the charter itself is designed. One of the principles of the charter is that there should be something in statute stating what the relationship is between central government and local government. Ultimately, I think it is for people themselves to police that and the concordat and the charter might give them the tools by which they can exercise that power.

Q513 Chair: Do you think Parliament should have a role in doing that? One of the suggestions has been a parliamentary committee that for example is analogous to the regulatory powers one which would check that no new legislation took powers away from local government. Could such a parliamentary committee essentially monitor compliance with the European Charter?

Mr Smith: I put in my evidence that I believe to comply with the charter anyway but also for the greater good we need an Act of Parliament which I think has to be seen as being of a constitutional character within all the limitations of our system and therefore should be based, as far as humanly possible, on an all party agreement as to what those principles are which are set out and put into an Act of Parliament, which includes the principles in the European Charter supplemented by some aspects of the concordat which tie it to a specifically British or English situation, depending on whether it is UK or English legislation. Secondly, a select committee - but I would like to find some means with local government representation from the LGA etc. on it - to deal with the monitoring which in many countries is the case. We have seen quite a lot of countries, through either the second chamber or through specific ways, bringing local government into some of the monitoring exercises.

Q514 Andrew George: I have just come up from the European region of Cornwall on a delayed train so my apologies for my late arrival. Given the fact that there are no mechanisms for enforcement of the European Charter on local self-government and no one can appeal to the European Court and nor is there a body which is properly monitoring and assessing, it does seem, as my colleague said, a rather toothless charter as far as the UK is concerned. What can be done for

those people who believe that it is a good charter and should be enforced? What can be done either at the UK level beyond that of parliamentary scrutiny or even at the European level to strengthen the teeth of this particular charter?

Mr Smith: I was arguing that it is necessary that we should have an Act of Parliament that sets it out. Ultimately that means it is justiciable and I do not think we should shy away from that because in most countries that is possible. It does not need to be in heavy language. It is no different in character from many other conventions like the Convention on the Elimination of all Forms of Discrimination Against Women, which is a UN one which has its own way of looking at whether countries are complying or not, but which does not have an external police force. Very few do. Only the European Convention on Human Rights has that direct sort of enforcement that we are talking about. It is perfectly natural and normal for all sorts of European and international treaties to be dealt with in slightly softer ways. Inside the Council of Europe there is a mechanism. It could be strengthened if all the Member States wanted to. I do not see that yet but through the congress of local and regional authorities there is a monitoring exercise which has acted in relation to the UK, which has criticised certain aspects of how we perform and the government has disagreed. That is where we have got to on that. What we now need to comply with the terms of it is to set it out in an Act of Parliament which some sort of committee process of both Houses of Parliament. I am not an expert on parliamentary procedure.

Q515 Andrew George: For example, the Framework Convention for the Protection of Regional or National Minorities requires each nation to report on an annual basis what it has done to comply with that particular convention. Do you not think it would be sensible to require the nations that signed up to this particular charter to report back on each of the Articles to demonstrate how they are moving towards achieving the objects of those Articles?

Mr Smith: I think this could be a good additional form. The UK Government and others are putting forward new protocols for the European Charter of Local Self-Government at the moment so there could be a method by which this is raised in the committee which deals with these. I would be in favour of a stronger one at European level but the urgent thing is to start complying with the requirement to have the principles of local self-government set out in our own laws.

Q516 Chair: We are talking at the moment about constitutional changes but one of our previous witnesses, Vernon Bogdanor, who is a constitutional expert, actually said that he thought that the problem in Britain was that our whole political culture of people, media, everything, was much more centralist and that it is that we need to change and that the constitution was not terribly relevant. Do you agree or disagree?

Mr Willis: Jeremy was sharing with me a text from the 1930s which was saying much the same thing as many witnesses in this Committee have said, about the centralist tendencies and the degree to which local government is seen as simply the service arm of central government, so I agree ----

Q517 Chair: Not just seen by government as that but seen by ordinary people as that.

Mr Willis: However, the issue I would part company with Vernon Bogdanor on is whether or not constitutional change has a role in changing that culture. I think it does but it is only as a stepping stones. The charters and reports, as your colleague has indicated, are a means of trying to say we are serious but in the end we are talking about mindsets. You talked earlier about the possible role of a central government committee policing or having some scrutiny element. Yes, if its scrutiny was looking at other central government departments and acting tough where they are doing things which are undermining local democracy and local people, justifiably in the context in which it has been agreed, are able to make decisions about things that matter within a local area.

Mr Smith: This book is called "A Century of Municipal Progress 1835-1935" and it is a wonderful way of looking at local government from now. It has some great essays I would like to recommend. There was one 50 years later which is "50 Years of Municipal Decline" so we are rather hoping to lift this again.

Chair: Thank you both very much.

Memorandum submitted by the LGA

Examination of Witnesses

Witnesses: Councillor David Shakespeare, OBE, Vice-Chair, Local Government Association and Leader of the Conservative Group (Buckinghamshire CC), Councillor Richard Kemp, Deputy Chair, Local Government Association and Leader of the Liberal Democratic Group (Liverpool City Council), Councillor Keith Ross, Deputy Chair, Local Government Association and Leader of the Independent Group (West Somerset DC), and Councillor Sharon Taylor, Deputy Leader of the Labour Group, Local Government Association (Stevenage BC), gave evidence.

Anne Main: I do not know if I need to declare this but I know Councillor David Shakespeare through the South West District Council.

Q518 Chair: I know him too through Buckinghamshire. Can I welcome the four of you and explain why we are very happy to see four different voices for the LGA? I hope you will be four different voices. We do have a written submission from the LGA. We are very keen in this inquiry to get discord, disagreement and radical views so please feel free to be as radical as you like. Do not worry if you are speaking ad personem rather than necessarily toeing the line of your individual groups because I think we will get a more interesting discussion that way, if I may incite you. Can I start off with the role of the LGA? What do you think is its primary role and do you think, as many of our witnesses have suggested, that the LGA is too close to Westminster Government and too deferential to central government?

Councillor Kemp: It was a good try to get us to separate but we will be quite aggressive towards central government and quite united perhaps as a Local Government Association. It is a significant fact at the moment that all four parties - in some ways it is three - are quite antagonistic towards some of the proposals coming out of our own colleagues in the three parties. One only thinks of the Police Bill at the moment which has been the subject of rancour between all three parties. The LGA's role is very simple: to represent the needs of local government and some other partners to central government and a range of central bodies. It is to improve the standards of local government and to ensure that best practice is followed and to advise councils how to do it. Are we too close to central government? Sometimes we have to act as diplomats because if we were to say everything that we had achieved by talking to ministers then perhaps we would not go through the doors of ministers. I think the important point we would like to make is that we are united in what we want. It is very clear what we want and what we do not want. We have not come here today to ask for more legislation. We have not come here to ask for more powers. We have come here, very much following your last question, to ask for cultural change in the way that central government and its organisations relate to the LGA and to our member councils. We are saying that a lot of what you have provided us with is imprecise, which stops us working effectively, such as the wellbeing duty which sounds fine in theory but in fact, if you try to do anything major through it, would be in an accountants' and solicitors' charter. What is stopping local government working as distinct from local councils, because there is a distinction between the two, is a silo based activity in which we try and promote a local mandate, because we have a local vision based on that mandate; but although there has been a theoretical loosening through LAAs and LSPs, too many of the quangos and the government offices and government departments still defer to Whitehall for whatever reason. Sometimes it is training. Sometimes it is permanent secretaries and sometimes it is ministerial interference. They have not been given the opportunity to work with us on priorities that they know

to be right because they still report vertically to Westminster rather than horizontally to people through local councils with a mandate.

Q519 Chair: Can I incite anybody else to differ from that?

Councillor Taylor: I agree with what Richard says but perhaps to put a slightly different slant on it, if we want to create a vision for our local areas, we are increasingly moving towards doing that through things that the government has put in place like local strategic partnerships and local area agreements, to create a joint vision with our other public sector partners. As council leaders, we can bring whatever we bring to the table. We can bring finance, the political will to do it and we can bring something very powerful which is our mandate in the people we represent. The other people who sit round the table are not always able to do that and I think that is very important. Sometimes they do come, not with the mandate, but with all of the other things that I have mentioned. Sometimes they are not able to do that. Creating a joint vision between the whole of the public sector at local level - I am a leader at district level so this is perhaps coming at it from a district perspective - is quite difficult. My partners round the LSP table have their central targets to meet. They may also have county or regional targets to meet. What we want to do is create a culture where the people at local level are enabled to develop a joint vision with the people of that area and with the partners involved and take that forward, an enabling culture that enables them to do that. Some of the things that have been suggested in the LGA submission will, I think, help to do that.

Q520 Mr Betts: Is it a remedy giving you greater power over the other partners round the table or separating these partners from the remit they have simply to defer to their central organisation?

Councillor Taylor: I would absolutely stress that what we are not looking for is more power. I have the power I need to do the things that the council needs to do as part of that partnership. What we want to do is develop a culture. I speak about my area particularly but it applies to everybody and everywhere is different; that is the point, so what I want to do is to create what I need to do for the people I represent and work in partnership with those other people but everybody being equally enabled round that table to do what they need to do to create that vision for the local area. It will be different everywhere. The centrally imposed targets that we all face - we all accept that there will always be central targets - are one side of it. The other side of it is being enabled to do the things locally that need doing and I think that is really important. It is not about more powers for anybody. It is about having an enabling culture that lets everybody work properly in partnership.

Q521 Mr Betts: How do you truly enable people sitting round a table who have no democratic accountability?

Councillor Shakespeare: Can I come in on the first question about being too close to Westminster?

Q522 Mr Betts: Firstly, how do you enable people who have no democratic accountability? You can enable the civil servants from the regional government office all you like, but in the end they are civil servants.

Councillor Kemp: That comes back to the central role of the council. We have a very clear mandate for our areas because we put it to the electorate. We are the only people who have that. With due respect, you have a mandate but it is a different type of body. We are the only people who bring together all the partners round the local strategic partnership. Some of them talk to each other. They all talk to us. The way to do this is for the government to both let go of the apron strings and train and support their officers to understand what they can do to support the objectives set by the local council. Sometimes it is not a question of more money; it is a question of better use of the money that is already available to those bodies. Culture is very important because there is a key distinction between power and influence. Power would be a grab saying, "I used to be chair of housing. Everything was a council house. Let us have that power back from the Housing Associations." We are not asking for that. We are asking for influence to make sure that people follow the lead which we are uniquely able to provide.

Q523 Chair: If we turn to the police for example, how are you suggesting you would have more ability to influence them without any changes in the current structures?

Councillor Ross: With the health service as well I believe - I think we all believe - that a better way of doing it, as we are democratically enabled through the ballot box, is that we can take that to the health service, to the PCTs, to the Police Authority, as we do with the Police Authority at the moment. There is a certain number of indirectly elected members who are not democratically elected as members of councils. We do not have that opportunity in PCTs any more, where we used to in the health service, so it is perhaps redressing the balance there, ensuring that we have the ballot box behind us when we are making those decisions because at the moment there is no democratic mandate.

Q524 Chair: The suggestion has been made to us by earlier witnesses that councils should directly commission health services.

Councillor Kemp: For certain types of service, yes. Not for all of them though.

Q525 Chair: A similar model for the police?

Councillor Kemp: Can I respond with a question to you? You all have to consider this because the Bill will be before Parliament. By and large, local government is extremely satisfied with the relationship we have with the police. If we were to choose an exemplar, we would say local government/police relationships are sound. What about the Learning and Skills Council? What about Connections? What about the Environmental Agency? There is a whole range of organisations which do not operate that way. If every relationship were as sound as that between local government and the police, we would be in a much stronger position. The question has to go back to every MP who is going to vote on the Police Bill. If it ain't broke, don't fix it.

Q526 Chair: The question was do you think that it should be done by indirect elections, not simply with the police but with the PCTs for example. The LSE powers are going back to councils anyway. Do you want a whole series of indirectly elected representation?

Councillor Ross: Yes.

Q527 Chair: Or do you want to see direct commissioning by councils?

Councillor Ross: Even in the regional development agencies there is a case there where power is being taken away to some extent and given to the RDAs who have very little democratic responsibility.

Councillor Taylor: There is a degree of accountability here as well. I think we have to have an eye to accountability. We have probably the partnership relationship that works best and I think it is true to say that, with the police, the structures that most of us have put in place around neighbourhood policing are working extremely well. We have good accountability in most areas. We are building on that all the time and it is not just at district or county level. It also works right down at neighbourhood level with good accountability to the people that the police and all the other members of the public sector serve. We need to be building on those accountability structures. Yes, there is the issue about indirect representation on bodies that do the close scrutiny, but there is also the direct accountability to members of the public that we have all made huge efforts to build. I think that is very important. I think that will be diluted by having another directly elected body. Who do people go to? Do they go to their local councillor if they want the criminal damage in their area sorted out or do they go to this directly elected representative? It just dilutes the accountability process.

Q528 Anne Main: In light of recent events in Haringey, do you think the public would support further devolution of powers to local authorities? I would like you to specifically bear in mind some of the press reports and press and media calls for action that were being bandied around at the time when you consider your answer.

Councillor Shakespeare: I can understand a lot of the media frenzy that has gone on. I can understand people being appalled by what has happened there. From a local government point of view, I am also very much aware that the safeguarding parts of local government are probably the worst centrally funded parts of local government. They are desperately under funded so I am feeling some sympathy with public servants trying to organise services without the resources to do it. I think that lies at the heart of the safeguarding problem.

Q529 Anne Main: Part of the criticism, as has come to light again through media investigation on this matter, is that there was a degree of satisfaction being expressed by the local authority until a light was shone on it, shall we say, in which case should it be that a local authority can have even more powers coming back to itself if, when things go wrong, the public say, "How on earth did this happen? Why was it they were allowed to (a) get away with it and (b) what can be done?"

Councillor Kemp: I think we would all agree that nothing anyone in this room can do ----

Q530 Chair: We do not want to get into the specifics of the Haringey case. It is an example of the general principle.

Councillor Kemp: I accept that. No system that any of us put in place will ever work right every time. The facts about child protection are that this is one of the best countries in the world. Wherever we find councils doing things badly or wrongly as an association, we are the first to go into that council. There are questions that we need to raise there about the role of inspectorates, about the way the partnership works, about the role of some of our partners who also misdiagnose. If you are then asking: is this a question of public perception, I do not know whether people come into your advice centre with these questions. No one has ever come into my advice centre in 35 years as a councillor saying, "Councillor, I am really bothered about the structures." What they are bothered about are the outputs and the outcomes. The constitution does not matter to people. They want to see delivery. I think we can deliver. We do deliver. The Treasury says we are the most efficient part of the public sector and who are we, mere councillors, to disagree with the Treasury?

Q531 Chair: I think you are slightly missing the point, if I may say so. The issue is that in cases such as the Baby P case, which I think all of us would agree is a matter for that particular council to sort out, the reality in our political culture is that immediately MPs and leaders stand up in Parliament and demand that action is taken. Indeed, you get the national press running a campaign for particular members of staff to be got rid of and for the Prime Minister to do something. We were told certainly when we were in Sweden and Denmark that that would be unthinkable. That would not happen. The national press would not do that. The government would not be demanded to do that. That is a function of our political culture. That is what we are asking about. What do you, at the local government end of it, think you can do to change that so that when that sort of thing happens people look to the local council and say, "Why have you allowed this to happen?"?

Councillor Taylor: The fact is there is a degree of accountability. Where there is a catastrophic failure - thank God there are not that many - people can be voted out. Where you have organisations that are run by quangos or non-elected bodies, there is no possibility for the public to say, "I am sorry. That is just not good enough. Those people are not capable or competent to run that service. They have to go." We are the only part of the public sector locally that has that degree of accountability. It is very important to us.

Q532 Chair: It does not seem terribly important to the public. That is the point. The example of the Baby P case was that the public did not say, "Oh, great. We can make sure that those people get voted out." They and everybody else demanded that the government did something.

Councillor Taylor: Can I come back to your point about the LGA as well? One of the things the LGA can do - and we are doing this all the time - is look to our own improvement. That is a very important role for the LGA. We work very hard all the time. Can I just give you an example from the district perspective, because this is what has happened in the last two years? We wanted to do some more work on how districts work and how we work more in partnership with counties to deliver better services to our people at district level. The LGA has got all the people in districts together and got us working on a joint agenda with the county councils' network, so we work together on that, to drive that improvement agenda forward. We work with IDA as well. We have been very successful within the local government sector in working for improvement together.

Q533 Anne Main: We have come back to where it is working. Let us pose a different side to the same argument. The whole point about allowing a local area to self-determine and self-govern as much as possible is that they are going to get it wrong sometimes. That is life. The public expect, when it goes wrong at local level, that heads not only roll at a local level but that some kind of government should have stepped in. If an area has a lower level of local services because it might be the choice of their council or they are rubbish and incompetent, is that acceptable or should the government somehow sit back and say that whatever is done locally is self-determining and

democracy at a local level: "It is not up to us to step in and sort it out"? At the moment the public thinks it is.

Councillor Kemp: You cannot have it both ways, can you?

Q534 Anne Main: No, you cannot.

Councillor Kemp: We are a heavily regulated sector. Some councils spend £8 million a year being inspected, if you are a big council like Bradford. You lot ask questions of ministers. You write things in the local power. You will take something up here before you will take it up, appropriately in my view, with the council leader. We are talking about a centralised, political culture for which we must all take some responsibility. You can see that by going back to last year. Do you remember the case of the chief executive of a hospital trust? People died because of MRSA. There was exactly the same outcry, exactly the same effect at the end of the day where the health board trust eventually sacked the chief executive after due inquiry. We believe in that. I defended the work of Haringey because they were having a proper inquiry, they were going to do it, but that is different from being the lynch mob which was suggested by at least one of the local papers

Q535 Anne Main: Interestingly, in the Haringey case the complaint eventually somehow got filtered up to a government minister who sent it back for local determination and investigation and then the problem came out eventually. It had been looked at locally and I think that has been part of the problem. People had tried to whistle blow at a local level, it had escalated up higher, it had been sent back to the local level, not been dealt with properly, so as a result the public are now saying, "What on earth went wrong in the system?". It is great when the system is robust and works well, but you have to accept that some systems do not and some people will then say to their MP or the minister they may write to, "Look at my area, it's doing this badly. I'm worried about a child or a hospital or an elderly person". What I am trying to say to you is should government always stay out of it?

Councillor Kemp: No, because the government is the public sector of the last resort and there is a right for them to come in at some stage. Whether they do that routinely, which is what they do, or whether they do it in extremis is the case that you have to discuss. The fact is there is far too much interference, but that does not mean to say we are not all accountable before the court of public opinion, and Parliament at some stage might want to extrapolate. Would we abolish councils or decide to give them more or less influence on the same grounds that we might decide to give PCTs more or less influence because one PCT failed? Occasionally there will be failures in the system, it is a question of the robustness with which we deal with those failures that counts.

Councillor Ross: What we did do at a very early stage was offer support to Haringey in this particular instance and that support was accepted. We had officers from other good councils going in there helping and supporting the whole of that sector.

Chair: If we may move on to look at issues related to further devolution.

Q536 John Cummings: Do you think it is acceptable that some councils should have lower standards of public service than others?

Councillor Shakespeare: The easy answer to that one is no, of course.

Councillor Ross: We would all agree on that one.

Q537 John Cummings: As a national association, what influences can be brought to bear to ensure that everyone reaches the required standard?

Councillor Ross: What we do is help support and even train the sector. With the IDA particularly, we have put a lot of support mechanisms in for councils. At the moment, my council is accepting that support from the IDA through the Regional improvement and efficiency partnership with funding to have IDA peer mentors and officer support to help us improve.

Q538 John Cummings: How will you achieve peer pressure?

Councillor Ross: It is offered by the IDA and I would say all councils accept that offer of support.

Councillor Taylor: It is also very helpful because if you are struggling either in all areas of your council work or in one area in particular, to have an IDA peer who has the same political values as you have come in with all the good practice they have seen as they go around the country doing their work is extraordinarily helpful. I think the Peer Mentoring Scheme has worked extremely well in improving the overall standard of public sector working throughout local government. Again, it is another great strength of the LGA that we are able to do that.

Q539 Chair: Can I turn Mr Cummings' question around because I was really quite surprised by the answer. Would it be acceptable for some councils to choose to have a higher standard of service than some others?

Councillor Shakespeare: Yes, absolutely.

Q540 Chair: Does that not mean your first answer was inconsistent?

Councillor Shakespeare: Not at all, but I think it is right that all councils should deliver a minimum agreed service.

Q541 Chair: That is not quite the same thing.

Councillor Shakespeare: Local choice and diversity is one side of the coin and other people will say postcode lottery on the other side of the coin, but it is the same thing. I think councils should be able to respond to local demand for the level of service that they want and they are willing to pay for.

Q542 Chair: The minimum standards would be set by Parliament.

Councillor Shakespeare: I think they should be agreed with local government so we both know what we are trying to achieve.

Q543 John Cummings: To take that a stage further, would you accept there are some services where a variation in standards is not acceptable?

Councillor Kemp: It comes back to the point which was just being made before. A variation is acceptable providing it is a variation above a minimum which is acceptable. If Liverpool chooses to spend more on this than that, that is a contract between us and our electors. Some things do not need national mediation. It is the responsibility of all of us to keep the streets clean, we do not need anyone to tell us that. We might choose to spend more on this or more on that. We are talking about matters of critical illness - if I could go back to the Baby P case without mentioning it again - there are some standards which have to be set by local government.

Q544 John Cummings: On setting standards, do you think the Local Government Association is equipped to indicate where that standard should lie rather than relying upon central Government? Would you take on the role of being a policeman?

Councillor Kemp: We do.

Councillor Taylor: It is a joint process to develop the standards together, but then without cramping or trying to stop the innovation which goes on in local government, to take things beyond where you would say a set standard is. In both of those roles, both the setting of what should be a minimum standard and in the development and innovation of creative ideas to drive local government forward, I think the LGA works very well with all of us. There are huge numbers of people involved in local government, so it is not an easy task to do that together with all of local government. It is the one body which consults with all of us about new legislation that is coming out, guidance which is coming out, inspectorate work and so on, and does so very effectively.

Q545 John Cummings: Can you give an example of where you do believe a level of central Government intervention is acceptable?

Councillor Ross: My feeling about all of this is the people who we forget in all of this are the people ourselves as the electors, as the residents of a place, they are the ones who are going to set the levels of how better we do things. I am a localist, I believe in a community having that choice of what level of service they get.

Q546 Andrew George: I am staggered by what I have heard so far, particularly in relation to all of the evidence we have received from a variety of bodies. You are the supreme body representing local government. You have the opportunity of this inquiry after decades of having powers removed, being micromanaged by central Government, having targets set, having your finances constrained and, I would say, being humiliated by having to compete for money which should be, in fact, core parts of your function. This has happened increasingly over the years and you come here and you tell us you are not asking for more powers and you repeat that. You say that is not what you are asking for, you are asking to influence, you are asking to enable things, so, in fact, the body we are looking to as the supreme body of local government, having listened to all the evidence we have had from others who are urging you to be ambitious for the future of local government, you are happy for local government, in fact, to carry on being the agents of central Government, in effect that is what you are saying.

Councillor Shakespeare: No, we are not.

Councillor Kemp: No, no, no. That has got us going!

Q547 Andrew George: I am afraid that is the only conclusion I can draw.

Councillor Shakespeare: I think what we are looking for is a change of culture. I have spent most of my time in local government feeling that central Government is doing it to me rather than with me. That is the key to the whole change in the culture of the way we work together. We talked about setting national targets, setting national standards. If it is going to be a real partnership, then those are the kinds of things we would work up together and find out what is achievable on the national basis. To be absolutely frank with you, the people who know best what is positive and able to be done at a local level are local councillors and they are the people who are not involved. The LGA tries very hard to represent them, but time and time again central Government tells us what is going to happen rather than asking us to help work up the policies.

Q548 Andrew George: Where is the evidence that you are biting back? You are told how many houses you have got to build in your own areas, you are told what you can spend, you are told how much you can raise in council tax, every aspect of your work is constrained by targets and guidance from central Government, you are constrained from the start.

Councillor Shakespeare: We are forced by the inspection regime, that is true.

Q549 Andrew George: Exactly, yes. How many decisions can you take of your own volition?

Councillor Shakespeare: When you say biting back, we are all trying very hard to create LAAs which work. Certainly my own authority was told that it had to accept the Government's housing target, otherwise we would not have an LAA, and say, "Okay, in that case, we won't have an LAA" and that focused minds on being a bit more flexible.

Councillor Kemp: Mr George, if I remember rightly, you have been to Liverpool this year and you will have noticed, for example, that we are the European Capital of Culture for another 15 days. The quality of leadership from a council can be absolutely crucial to the future of our area. At the end of

the day, we are realists, we are pragmatists and we are coming here to talk to you not about what we would like to see in some great theoretical exercise if we all sat down and did a Bretton Woods and redefined the constitution; we are coming here to say in our opinion what is deliverable by central Government and what would really help us, not in ten years' time but tomorrow, a culture change from the way that the people who sit round the LSP table will deliver results for our councils and therefore our constituents within days, weeks, months. That is what we are here to try and achieve today.

Q550 Andrew George: I am not asking you to be unrealistically blue-skies in your thinking, but I would like you to look beyond the horizon of immediately tomorrow, please. I think the purpose of this inquiry is to at least look and see what might be possible if we were to put pressure on any central Government to rebalance the relationship between local and central Government. What I do not hear from any of you is any ambition to, in fact, take away the shackles under which you operate. Every decision you take is a decision which is the result of a preordained formula of constraints which central Government places upon you, you have to accept that.

Councillor Ross: We do what we can within the limitations, but fundamentally we need more cash to do a bigger job and there are ways to do that.

Chair: That brings us rather neatly on to the next set of questions, which are about finance.

Q551 Mr Betts: Is one of the key issues the ability to raise a greater proportion of the money which you spend at local level? Is that fundamental to operating a relationship between central and local government?

Councillor Ross: In my district we raise it and then we do not get it back. Last year we raised £11 million in business rates and we saw £2 million back.

Q552 Mr Betts: Let us go on to the issue of how we might address that, but, in principle, is that fundamental to the change? Lyons looked at it over many years rather than months and came to the view that what was important merely was local authorities' ability to be able to spend the money they had in the way they chose rather than any ability to raise more of the money themselves.

Councillor Kemp: There are two issues there: should we raise more and, therefore, have the direct relationship with our constituents, with the people and, yes, we believe we should, quite clearly we have a view on the reallocation of the business rate on that, but then the subsequent thing is there is

always going to be redistribution to places like Sheffield and Liverpool from places like Buckinghamshire.

Q553 Mr Betts: I think Liverpool gets a bit more than Sheffield out of it!

Councillor Kemp: I was trying to generalise on that. The fact is when it comes in, it is not ours to spend anyway, so you are conflating two different issues. There is the right to raise money, then the right to spend the money which comes to us from whatever source because we have the local knowledge. Then when you also say for every pound we spend, the public sector spends £2 within our communities, over which we have no control and direction, which I am very ambitious us pulling into our orbit and influencing to make sure they spend it properly rather than directly controlling the doctor or the chief executive of the housing association, then you are talking about a place in which we rightfully lead public expenditure within our communities.

Q554 Mr Betts: I can see a good fringe meeting coming on at the next Liberal Democrat Conference here.

Councillor Kemp: We always have good fringe meetings!

Q555 Mr Betts: Coming back to the issue of how should any additional money be raised by local government, perhaps we may have a different set of views. The business rate is an obvious one that has been raised which could be given back to councils, but even if that was done alone, it would still only allow councils to raise about 50 per cent of what they spend on average. Should we go further?

Councillor Taylor: I think there is a good case for the issue around having, as Lyons reported, some kind of independent commission into the equalisation in the grant distribution because there are some real anomalies. Anybody who has been anywhere near local government knows about the anomalies which come out of the grant formula and so on, and it has got so complicated now. In all honesty, I cannot explain to my residents how we end up with the amount of grant formula we end up with. It really needs to be much more transparent than it is and we need to have some kind of commission which is saying, "How are we looking at these issues around grant?" With grant, we know there has to be a distribution arrangement, we all accept that across local government, but how it is done really needs a proper examination.

Q556 Mr Betts: Is that an examination or is it handing over the power to an independent commission?

Councillor Taylor: There needs to be a commission involving local government which comes and talks to local government about how this is done, but the commission should be deciding on how the distribution and grant works.

Q557 Mr Betts: This is local governments arguing for accountability at local level, willing to pass over one of the key issues of equalisation to a quango.

Councillor Kemp: No, it is not our power we are taking down.

Q558 Mr Betts: It is our power.

Councillor Kemp: It is your power we are taking down, yes. Let us be quite clear, we are not taking anything up, we are bringing it back down because we do not see the transparency in the system. As I say, when it comes to us, it is usually constrained. A third of our budgets are already ring-fenced.

Chair: That is a slightly different point, let us stick with the commission and equalisation.

Q559 Mr Betts: We could argue, I suppose local government could argue, that really local government itself should determine the equalisation process. In some ways ministers might wash their hands and say, "Thanks very much", but come on. I have been in the equivalent of LGA meetings and seen the arguments that go on and when at the end of the day every council has had its say about how much more money it should get relative to somebody else, they are always very pleased, are they not, the Secretary of State is going to take the decision, so they can all blame them. That is how it works, is it not?

Councillor Ross: Here is an example. Two years ago when we had the national concessionary bus fare thrust upon us, a wonderful initiative, and who pays for it? There is not enough funding to support it and that is a principle, is it not, if government is going to do something for the people using us as an intermediary then we have to be funded properly, and we are not funded properly for that.

Q560 Mr Betts: That is another issue, is it not, about the new burdens situation?

Councillor Ross: It is all part of the same issue.

Q561 Mr Betts: You think there should be at least an independent element brought in to examine the real costs of new burdens and the equalisation process?

Councillor Shakespeare: That would be really good.

Councillor Taylor: I am on the Committee of the Members in the European Region, so anything that is likely to impact from European legislation at a local level we have the opportunity to examine. I do not pretend the process is perfect, because it is not, but we do have the opportunity to have a look at new legislation which is coming from Europe and saying, "We think this is what will happen to this once it goes into European legislation" and to make sure that when Parliament passes that legislation, they do understand the impact at local level. I think there is a good case to be made, on the financial side but for other things as well, for there to be a way of local government inputting into legislation to say, "Just what will the impact of that be at local level?"

Q562 Mr Betts: I want to come back on the new forms of taxation in a second because we have forgotten about that one, it has not really been answered. Coming back to a model we saw in Denmark, which was quite interesting, where each year central government and the Danish Local Government Association sit down together and work out first of all from a central government point of view what they think the totality of local government spending should be because they say, as central government, from a macroeconomic policy point of view, "We have a right to have a say in that". Then they look at any new burdens and assess the cost of them and then they agree the total amount of local government spending. Then the Local Government Association goes back and negotiates with its members which local authority should spend what. They do not have a capping system individually, effectively they have an agreed cap which the Local Government Association helps to enforce. Does that appeal?

Councillor Shakespeare: I think if we were offered that we would bite your hand off.

Councillor Taylor: We would!

Councillor Shakespeare: That would be an aspiration to work towards. We just talked about councils raising more of their own income, just talking about the equalisation factor, the transparency in that would be a big move forward if we could understand it. At the moment, as I said - you talked about councils raising more of their own revenue - year after year of relentless equalisation in my own authority has meant we are already raising 81 per cent of our own funding and only 19 per cent comes from central Government. That is what it has done to many, many authorities in the South East. For example, following that, it was the Government that had to invent its own safety net to stop a meltdown in public services in the South East, the floors and the ceilings were there to try and soften the blows which were coming out of resource equalisation.

Q563 Mr Betts: Do you not think 50 per cent is enough then because if you transfer the business rate back, you have got 50 per cent?

Councillor Kemp: No, it is far more complicated. If you remember the Lyons Report, he gave a very difficult to read thing which had all 400-ish local authorities which said at one end there were about 30 authorities that got and at the other end there were 30 authorities that gave and about 300 authorities it was very little different. That is the point David is making. The question then comes as to what you do in cities like mine and yours - I was trying to make the point - where there is a bigger aggregation of poverty which cannot be met from the local resource. How then do you put the money into the Liverpools of this world? I am quite clear that we still need support over and above what we could hope to gain locally, although our economy is doing very well at the moment. That is where the difficulty comes. We must not confuse that with the general issues against those councils.

Mr Betts: I understand that. Various studies have shown that you could probably go up to about two-thirds raised at local level and then a third from central Government would be sufficient to achieve full equalisation, but you could do more. In Sweden it is interesting, they work on a 15 per cent government grant roughly for equalisation purposes.

Chair: It is not a government grant, it is collected by the rich authorities and then given to the poor.

Q564 Mr Betts: That is true. If you want to shift from 50 per cent up to 66 per cent, what would you do?

Councillor Kemp: You are quite right, you are edging us towards trying to point out a difference between us and the differences are then quite clear, are they not, just as they are between the parties in Parliament. We do not share a common view on how you would collect that last element of

money to bring you up to the equalisation gap, if I can put it that way. We have different views on that and those need to be sought out. There are some things we are quite clear on though, for example revaluation. If you are going to have a property tax, you cannot set it on a 1981 level and keep it there forever, so we have some things in common. It is pointless us saying that we are not like yourselves, party politicians, and there are some areas in which we will differ.

Q565 Mr Betts: Something like revaluation is something you could give to an independent commission to oversee.

Councillor Kemp: Theoretically it is if it was allowed to do it, it has not been allowed to do it because the valuation and tribunal thing is an independent body.

Andrew George: May I go back to the issue of powers?

Chair: Yes, and then I want to wrap up the constitution bit at the end.

Q566 Andrew George: Given that I was raising issues about the devolution of powers and we had a bit of a discussion on the broad-brush issues of that and given that the issue on which you have become most animated has been policing powers, and that is certainly something which is certainly very much part of the inquiry, an area we are looking at, as I understand it, in the Policing Bill your objection to the directly elected crime and policing representative is that this is creating another body outside that of the work which the councils do with the police. Is that your primary objection? It is not that it introduces an arm of accountability locally, it is that it is creating yet another body that is coming into the frame. Is my understanding correct?

Councillor Kemp: All three parties have proposals for the sheriffs, directly elected police boards or the CDRP which we all oppose. We oppose it on the practicality that it will not introduce localism because we do not think localism needs introducing because we think it is working well. We think it will stop things happening, it will stop partnership, it will expose the police to extremism, because at the moment they are partly sheltered, and the political parties will not appear at their best when we start fighting police bodies because we will be fighting. For example, the BNP have made it very clear they want to come into this picnic. There is a whole series of practical reasons. We do not have the opportunity to expose that, but our colleagues are appearing before the Home Affairs Select Committee tomorrow to talk about that.

Chair: I think it is interesting that you are all agreed, and at a national level - I would not speculate about the three of us - the parties are divided. That is actually quite interesting.

Q567 Andrew George: If I can relate it, which is what I am trying to do, to this inquiry. If there was an opportunity for local authorities to have greater powers, greater say in the way in which the resources available to the police are deployed, decisions which are currently taken via the Chief Constable or the constabulary and, in fact, the local authorities may well be consulted about the way in which the police establishment is deployed across its own patch, would you not welcome that opportunity and the addition of such powers?

Councillor Ross: I would welcome more coterminosity because my own force straddles four or five authorities, so how can we have a meaningful conversation? Our indirectly elected members at the moment are coming from different authorities, so I think there is a job there as well.

Councillor Kemp: In terms of where we are with the police, again it comes back to this power or influence thing. I am very satisfied on Merseyside that the Chief Constable listens, works very closely at conurbation, city, district, neighbourhood and ward levels, that we know who we are relating to and that the money is reasonably well spent. I do not think we would have more than five per cent difference if we controlled the budget than the Chief Constable does now because we are talking about a place in which we have massive influence on what the Chief Constable and the police authority already do. That is what we want to achieve with all the other partners around the LSP table. If you were going to choose examples, we would choose other ones to have a go at in the public sector, like the Environment Agency, the Government Offices, the Regional Development Agency, things like that.

Q568 Chair: Can I move on to constitutional issues and first ask each of you whether you believe the central-local concordat has had any impact and, if so, whether you can point me to something where it has had an impact?

Councillor Taylor: I think the answer to that question is not as much as we would have hoped it had and I think we all need to work on that. It is clear that there are things which still remain to be done in terms of this concordat between central and local government and it is work to carry on with. We have not got as far as we would have liked to have got with it. The point I raised earlier about local government contributing to the debate about legislation before it becomes legislation is what I would want to do. I would want to have a great deal more consultation, firstly, on the financial burdens which are coming to us and, secondly, on the impact of legislation at local level before we get to the position of it already being in place or debated in Parliament.

Councillor Ross: I cannot argue with that.

Councillor Shakespeare: I would certainly agree. The concordat was signed with a flourish, but if I got out my microscope and looked at the outcomes, they would be very tiny indeed.

Councillor Kemp: I would agree that signing a piece of paper does not change things, it is what you do with the piece of paper when it is signed. Something else which happened last year was the Local Government Act 2007, supported by all the parties, there is a duty to co-operate and that is what the concordat is about, we co-operate nationally and everyone is supposed to co-operate locally. All the people, the 23 agencies which were named on the face of the Bill as having a duty to co-operate with local government, you go and ask them what they are doing about the duty, because I have tried this, most of them do not know yet that they have a duty to co-operate and that takes a big culture change to move things on from central Government.

Q569 Chair: Turning to central Government, which central Government departments would you finger, if I can put it that way, as being particularly poor at co-operating with local government?

Councillor Ross: The information I have, and I will not be backward in coming forward, is Defra.

Q570 Chair: In what way? Do you want to give an example?

Councillor Ross: We have a Rural Commission and historically it worked extremely closely with Defra on many environmental issues, and the message I am getting is that work is not as good as it used to be.

Councillor Kemp: My own preference, if we were fingering one, and we could finger a number for different reasons, would be Ed Balls' Department, Department for Children, Schools and Families. We have great difficulty in many cases in bringing in the universities, the colleges at a strategic level.

Q571 Chair: No, that is a different department.

Councillor Kemp: This is why I am getting a bit confused. It is the education sphere generally. When it comes down to schools, for example, because of the local management of schools, although it has got 'Liverpool' or wherever on the front, people think we can influence things and we often cannot bring the local management of schools into the partnership in our ward which is desperately needed. I must say, and I do not want to go back to Baby P, having worked alongside Ofsted inspectors, I think they are on another planet altogether.

Q572 Chair: Councillor Kemp, do you think devolution applies from councils downwards as well as from government to councils?

Councillor Kemp: Absolutely.

Q573 Chair: Your most recent remarks about local management of schools being a bad idea rather suggests you do not think it should be.

Councillor Kemp: Absolutely not, but what local management of school has done has reinforced a silo to make sure that if the head teacher is good, they come in and work with us, but if they choose not to, they and their governors just say, "We don't care about anything else", so it is the way it is being done. I think we should not ask for more influence as local government unless we are prepared to give more influence in our turn. I would be happy to send you a copy of a booklet we produced, which Mr George has already had, about the politics of the community and community politics, which is all about this.

Councillor Taylor: If we have got a local agency that is not delivering or we feel does not understand what the priorities of our community are, it is our responsibility as councillors to bring that agency to the table and say to them, wherever it is, come and be accountable to the people that you serve in this area. I would like to turn that round and say it is part of the council's responsibility to do that. Whether it is the Police Service or the Health Service or Children, Schools and Families, whichever agency it is, if we are not there asking them why they are not delivering our communities' priorities, it is fundamentally part of our role to do that. We should be more demanding of them at local level and I think that is something we are all looking at in the LGA to say just how do we do that. That is not saying we can make them come, but what we have been talking to you about today is creating a culture where the whole delivery of public sector work for our communities forms part of the public's ability to come and talk to all of us about what we are doing and what we are not doing, which is even more important.

Q574 Chair: I think you were all sitting here when we were talking to the previous witnesses about the European Charter of Local Self-Government. Do you have a view? Do you think there should be, for example, a parliamentary committee which checks that everything the Government is doing is consistent with the European Charter of Local Self-Government? Do you think there should be a joint parliamentary local government committee that did that?

Councillor Shakespeare: I think somebody should. Jeremy was quite reticent about what it should be, but there are powers at the Council of Europe to go on inspection visits and write reports, but I am not sure anyone takes a great deal of note of what those reports are if they are reporting on a national government like the UK one. Something independent within the UK which is policing those kinds of constitutional issues between central and local government relationships and partnerships would be very useful, yes.

Q575 Chair: Sort of off-Gov?

Councillor Shakespeare: Yes.

Councillor Kemp: I also have the European portfolio at the LGA at the moment. First of all, I think there are many lessons we can learn, as you have tried to do, by going to see the way other local government systems work. I am delighted that you have been to Denmark. I think you ought to widen the question because there are a number of ways in which you should be saying how will councils who deliver a lot of what legislation introduces be involved in the scrutiny process. For example, I would like to see appropriate council leaders, and not something for the leader of the council, it might be an education portfolio holder looking at an education bill, joining in the scrutiny process as part of a select committee, bringing very practical experience to bear as the theory is discussed by Members of Parliament. What are the Regional Select Committees? I have not got a clue and, in fact, I would guess that very few people know who the regional ministers are. There are a number of interactions which we would propose from the LGA if you wanted us to do that to make sure legislation, whether it originates in Brussels or elsewhere, is actually more effective and of more worth for local government.

Councillor Taylor: I think it was disappointing to see that local government is not included in those Regional Select Committees. It would have been a big step forward, I understand that, but it would have been a very good step forward because all of the issues around economic development and spatial planning are things which we fundamentally do on a day-to-day basis. It would have shown a great step forward for government and local government working together to include both parts on those Regional Select Committees so we are both examining what is going through as it happens. That would have been fantastic but, regrettably, it was decided not to do that.

Q576 Chair: I did make precisely that proposal in my evidence to the Modernisation Committee but obviously I was not sufficiently persuasive! Thank you all very much indeed.

Councillor Kemp: Can I say we too will be giving you some reading. On the press at the moment is One Country, Two Systems, how national and local democracy can work together to improve Britain's boosting culture. If we have failed to make our point because of our nervousness at the intellectual hothouse we have been in today, our offices have put it in writing on our behalf, Chair.

Chair: Excellent. Thank you very much.