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**Mayors, Monitors and Measurers:
Blair’s Legacy to Local Democracy**

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Panel 2C: Blair’s Constitutional Revolution

Mayors, Monitors and Measurers: Blair's Legacy to Local Democracy

Everything was tickety-boo

One obvious way of starting a ten-year evaluation of a Government's record would be to go back to the manifesto on which that Government was first elected – in this case, New Labour's manifesto for the 1997 General Election, *Because Britain Deserves Better* – and compare what it promised with what has actually happened. This paper will attempt something similar, but with two quite significant qualifications.

The first qualification is that much of what has happened, many elements of what has become known as the Local Government Modernisation Agenda (LGMA) and that constitute essential parts of the Blair legacy, made no appearance in the 1997 manifesto – rather as the word 'privatisation' failed to feature in the 1979 Conservative manifesto. People looking at UK politics often make the mistake of assuming that, because manifestos are read by only a minuscule proportion of electors, they are unimportant documents. That is quite wrong. A manifesto embodies a government's legitimacy, its mandate and its authority. It contains the policies on which the government knows it will be judged, promise by promise, at the next election. It is the programme, therefore, for which both ministers and Parliament can in turn hold civil servants to account. For that very reason, though, these manifesto commitments tend to be expressed in cautious terms and with available 'wiggle room', enabling them, when the time comes, to be ticked off with relative ease as having been wholly or at least partially achieved.

New Labour's 40-page 1997 manifesto was no exception. However radical the party wished on occasions to be able to say that it would be in government, most manifesto promises were phrased in such a way as to stand a very good chance of being tickable – or on the way to being tickable – in four years' time. Thus, of the dozen more or less explicit pledges on 'Good local government' listed in Table 1, only one, by my reckoning, was actually abandoned – on grounds of its impracticability. All the others qualified for ticks, mostly by the end of New Labour's first term in 2001, the remainder by 2005. Most will be identified at the relevant point in the paper. Those manifesto pledges also, incidentally, served the useful purpose of providing the Government with a record

Table 1: Labour's 1997 manifesto pledges concerning 'Good local government'

	Achieved (✓) or not (x)
1. New duty for councils "to promote the economic, social and environmental well-being of their area" ('well-being power')	✓
2. Councils "should work in partnership with local people, local business and local voluntary organizations"	✓
3. "To ensure accountability, a proportion of councillors in each locality will be elected annually."	x
4. Democratic innovations, "including pilots of the idea of elected mayors with executive powers in cities"	✓(?)
5. "Although crude and universal council tax capping should go, we will retain reserve powers to control excessive tax rises."	✓✓
6. "We will make no change to the present [national] system for determining the business rate without full consultation with business."	✓
7. "Councils should not be forced to put their services out to tender, but will be required to obtain best value."	✓✓
8. "Every council will be required to publish a local performance plan with targets for service improvement, and be expected to achieve them."	✓
9. "The Audit Commission will be given additional powers to monitor performance and promote efficiency. On its advice, government will where necessary send in a management team with full powers to remedy failure."	✓✓
10. All local authorities encouraged "to adopt [Local Agenda 21] plans to protect and enhance their local environment."	✓
11. "A Labour Government will join with local government in a concerted attack against the multiple causes of social and economic decline – unemployment, bad housing, crime, poor health, and a degraded environment." (Neighbourhood Renewal)	✓
12. "Following a referendum to confirm popular demand, there will be a new deal for London, with a strategic authority and a mayor, both directly elected."	✓

Source: The Labour Party, *New Labour: Because Britain Deserves Better* (1997)

of what *wasn't* promised: able to be referred to when, for instance, its own supporters might confuse the party's rhetoric in opposition – maybe on abolishing tax-capping or re-localising business rates – with what actually went into the manifesto. Anyway, had Labour lost the 2001 General Election, that would have been 'end of story', and its local government record might have been assessed as ... well, tickety-boo. But it wasn't; in fact some of the major chapters of that record had not even been drafted.

“It is hard to believe ...”

The second qualification of the manifesto-based evaluation model is that the 1997 manifesto is only one of the paper’s two main starting points. The other is a book that was being widely examined 11 years ago for possible insights into the likely content of the following year’s manifesto and how the Blair Government, then regarded as a near-certainty, would operate. The book was *The Blair Revolution: Can New Labour Deliver?* by Peter Mandelson and Roger Liddle, uniquely placed, the dust jacket duly assured us, to provide such insights. In this case, the puff had some justification: Mandelson, by then an MP and previously Campaigns and Communications Director under former party leader, Neil Kinnock, was, with Blair and Gordon Brown, genuinely one of the architects of New Labour, while Liddle was and continued in government to be one of Blair’s policy advisers.

The book was no heavyweight masterwork; it made no serious attempt to furnish Blair’s proclaimedly pragmatic revolution – ‘what matters is what works’ – with an ideology, and focused at least as much on organisational issues as on future policy. However, it had the greater space than is available in a manifesto to discuss policy areas like local government, of which, unlike Blair, Brown and most of the party’s other parliamentary leaders, both authors happened to have had personal elective experience.

In a section of the book entitled ‘Reviving local government’ Mandelson and Liddle indicated New Labour’s firm localist commitment to reverse the Conservatives’ approach and record:

‘It is hard to believe ... that the Tories came to power on a firm pledge of freeing local government from constraints. Michael Heseltine [Conservative cabinet minister for local government] promised: ‘We will sweep away tiresome and excessive control over local government. Local councils are directly elected. They do not need, they do not want, the fussy supervision of detail that now exists.’ However, far from rolling back the central state, over 150 acts of parliament since 1979 have reduced local government powers.

‘The Thatcher government took away Londoners’ rights to elect a voice for their city, abolished metropolitan authorities, and introduced rate capping. The Major government took powers to limit every local council budget.

‘The Tories presided over the explosion of the unelected quango state that now controls over a fifth of public spending ... These quangos cover health, schools, training and housing ... According to a recent Democratic Audit report, there are now 5,621 quangos and 70,000 quangocrats. That is nearly triple the number of democratically elected councillors.

‘Labour must act to reinvigorate local government ... Labour understands that the best thing about local government is that it *is* local ... The closer politics – and power – is to people, the more chance there is of interaction between them ... Bringing such closeness about has to be a top priority of a government that genuinely believes in a bottom-up, not top-down, approach ... that celebrates diversity and local initiative and believes that uniform solutions won’t work.’ (pp. 196-97)

There was much more in the same vein, including recognition of the necessity “to increase the proportion of council spending that is financed locally ... and ensure that accountability to voters for tax-and-spend decisions is improved.” (p.199). Even these edited extracts, though, contain enough explicit and implicit pledges against which to measure subsequent government performance: fewer and less detailed central controls, restoration of at least some of local government’s lost powers, restoration of a directly elected Greater London government, abolition of rate- and budget-capping, a bonfire of quangos and more local services provided by democratically accountable councils, less top-down direction. Together, they would amount to a fundamental cultural change in central-local government relations and a major ‘revival of local government’, to quote the authors’ own headline.

The contention of this paper will be that, with the obvious exception of the creation of the Greater London Authority, none of these things have happened to anything like the extent necessary to bring about that envisaged cultural change. On the contrary: central controls have become even more tiresome and excessive, the supervision of detail even more fussy; rate- and budget-capping are still in place and effectively determine the parameters of every council’s budget-making; there was no quango cull and new quangos were created; democratically elected councillors have less direct control today over a more restricted range of services than they did a century ago. The gap between promise and practice has been at least as great as the one of which Mandelson and Liddle judged the Conservatives guilty, as others have noted.

At points in this paper reference will be made to a special supplement on ‘Blair’s Decade’ produced earlier this year by the *Local Government Chronicle*, a leading practitioner journal. In addition to conducting its own survey study, it sought the views of various leading members of the local government world, one of whom – Tony Travers, Director of the Greater London Group at the

London School of Economics – happened to open his observations with precisely the same phrase used by Mandelson and Liddle at the advent of the Blair Decade:

‘It is hard to believe just how optimistic people were during New Labour’s early days in the spring and summer of 1997. I remember attending a seminar at Church House, Westminster just after the election where ministers came along to listen to ideas about the future of local government. The end of capping was in sight; compulsory competitive tendering would be abolished; it was possible business rates might be returned to local government. In ‘break-out’ sessions ... new ministers spoke encouragingly about the need to strengthen and enhance local government – a new Enlightenment perhaps? ... The past is indeed a foreign country.’ (Travers, 2007, p. 20).

An overview of the Blair balance sheet

What follows takes the form of a rather breathless romp through some – though far from all – of the key policies comprising the Modernisation Agenda referred to above, a mention of one or two items that might have been expected on that agenda but weren’t, and an assessment, reprising that already encountered. In such an exercise, anything resembling a balance sheet would normally appear at the end. Here, however, one will be used at the start – to help set the scene for an audience inevitably unfamiliar with much of the ensuing detail, and as a useful reminder for any evaluation exercise that, as I believe they say over here, one person’s trash is another person’s treasure.

Table 2 is assembled from the responses to the *Local Government Chronicle*’s part-quantitative, part-qualitative survey of a sample of mainly local government officers. It was not statistically the most robust of surveys, and no great weight should be attached to any of the individual figures. Taken as a whole, though, the picture the table conveys will find general acceptance as a fair reflection of the local government world’s verdict on New Labour or the Blair Administrations. Add together ‘performance culture’ and the CPA – its principal instrument – and there can be no doubt of the highest rated achievement, or of a readiness to endorse ministers’ repeated insistence that local government has got measurably better in the past ten years: organisationally more efficient and more responsive and effective in service delivery. Equally emphatic – and here ‘capping’ can be added in with Council Tax – is the feeling that, with a series of unassailable parliamentary majorities, to have consistently ducked the issue of finance reform represents the Government’s greatest failure. Elsewhere in the table, though, is the repeated evidence that what to some respondents have been strikingly successful initiatives have to others been major mistakes.

Table 2: Labour's greatest achievements and mistakes
(LGC survey of officers + private sector partners)

Achievements	%	Mistakes	%
Pushing a performance culture	30	Failing to reform the Council Tax	25
Abolishing Compulsory Competitive Tendering (CCT)	21	Attacking councils in the media	13
Increasing funding	11	Weakening local authority control of schools	13
Comprehensive Performance Assessment (CPA)	8	Comprehensive Performance Assessment	10
The cabinet system	7	The cabinet system	5
Power of well-being	6	Capping	7
Local Area Agreements (LAAs)	6	Giving too much money to the National Health Service (NHS)	6
Standards Board (for England)	3	Standards Board	1
Elected mayors	2	Elected mayors	3
Other	6	Other	17

Source: Nick Golding (2007), p.22

The Local Government Modernisation Agenda (LGMA)

If Tony Blair's reborn New Labour Party, as it took office in May 1997 after 18 years in opposition and with an unprecedented parliamentary majority, had summarised in a single-word slogan what it was about, that word would surely have been 'modernisation'. New Labour would modernise all outdated institutions and practices, and high on both lists was local government. Immediately, however, there was a problem. Following years of Conservative Government unpopularity and the resulting collapse of the party's support in the annual rounds of local elections, the great majority of the nation's principal local councils were either controlled or dominated by Labour councillors. Having fought in, as it were, the front line against the depredations wrought by the Thatcher/Major Administrations – the financial cutbacks and controls, the transfer of some services to unelected quangos, and the privatisation pressures applied to others – these Labour councillors certainly wanted reform. In fact, the more optimistic or 'Older' Labour members were looking for a reversal of some of the Conservative policies that their party's shadow ministers had opposed so vehemently at the time. What they could hardly be expected to welcome was the news that, as ministers saw it, they and their councils seemed to be as much part of the problem as part of the solution.

From the outset, however, New Labour made it clear that the present state of local government and the traditional ways of 'doing' local government were unsatisfactory. There was an urgent need for

reform – not just generally, but in the specific ways that would be spelt out in the Government’s ‘modernisation agenda’ with its attendant ‘sticks and carrots’ incentives (see cartoon below and Wilson and Game, 2006, pp. 174-78). Those councils that accepted this diagnosis and adopted the Government’s prescriptions enthusiastically would be rewarded with the carrots that later became known as ‘freedoms and flexibilities’. Any that resisted, though – as some had endeavoured to when previously faced with unpalatable Conservative legislation – would be sharply reminded that, in the UK’s unitary governmental system, the national government had both the superior mandate and the ultimate power. If necessary, therefore, Environment Secretary John Prescott and his ministers could and would intervene, impose their policies, and, in the last resort, wield the big stick and hand over the management of the recalcitrant local authority or department to another agency.

As for the content of the LGMA, it is important to appreciate that, just as that acronym came into common usage only during the Government’s second term of office (2001-05), the agenda itself did not initially take anything approaching the full-blown form that it has since assumed. The more than 20 policy initiatives referred to on the relevant web page of the Department of Communities and

Local Government (DCLG)¹ (<http://www.communities.gov.uk/index.asp?id=1137781>), that are the subjects, individually and collectively, of the Government's comprehensive programme of long- and short-term evaluation studies, were revealed and launched in different ways over several years. Some have come to seem more important subsequently than when they were first announced; others less so. The shape and main emphases of the agenda have changed over time, as have the ways in which its main themes have been categorised and analysed by commentators. This evolutionary, 'suck it and see' nature of the LGMA need not overly concern us here, for this paper's purpose is not to delve into detailed history, but to present a broad overview of the LGMA as it looks in 2007. It is, however, a feature worth keeping in mind.

The main policies that comprise the LGMA are set out in Table 3, together with their dates and modes of introduction and, in some cases, their originating documentation. These policies can be and have been grouped in different ways into broad modernisation themes, but in this paper about the crudest division possible is adopted, reflecting the two basic functions of local government: its service function and its political function. Many, in fact most, of the policies that demand inclusion in an assessment of the Blair legacy have been aimed at *service improvement* – the theme most directly carried over from the Conservative Government, albeit with some major changes in emphasis and substance. Fewer – and this in itself is a feature of the legacy – have been directed towards *democratic renewal*, prompted by a recognition that local councils are, or should be, the agencies through which we govern ourselves and our localities, as well as organisers of services. Still other LGMA policies don't fit easily into either category, and, according to their importance, are either squeezed in somewhere or left out.

LGMA policies aimed at service improvement

At least eight of the policy initiatives listed in Table 3 were aimed directly or indirectly at improving local government service performance, albeit in greatly varying ways. Some sought changes *within* local authority structures and processes – more effective performance management

¹ The central government department chiefly responsible for local government has undergone several name changes during the time period covered by this paper. From 1997 until 2001 it was the Department of the Environment, Transport and the Regions (DETR); from 2001 until 2002 the Department for Transport, Local Government and the Regions (DTLR); from 2002 until May 2006 the Office of the Deputy Prime Minister (ODPM); and currently it is the Department of (or sometimes 'for') Communities and Local Government (DCLG). For the inevitably resulting confusion, please blame ex-Prime Minister Blair, not the present author!

**Table 3: The Local Government Modernisation Agenda –
Key Policy Initiatives and Establishing Documents**

Policy initiative	Origin	Established
Best Value regime (BV)	DETR (1998b)	LG Act 1999
Comprehensive Performance Assessment (CPA)	DTLR (2001)	2002
Intervention and Recovery Support	DETR (1998b)	LG Act 1999
Beacon Council scheme	DETR (1998e)	Prospectus – DETR (1999)
Local Public Service Agreements (LPSAs)		Prospectus – LGA/DTLR (2002)
Local Strategic Partnerships (LSPs)		Guidance – DETR (2001)
Community Strategies		LG Act 2000
Local Area Agreements (LAAs)		Prospectus – ODPM (2004)
Local E-government	NAO (1999)	National strategy – ODPM (2002)
National Procurement Strategy	DETR (1998e)	ODPM (2003)
Power of Well Being	DETR (1998e)	LG Act 2000
New Council Constitutions/political management arrangements	DETR (1998a)	LG Act 2000
New Ethical Framework	DETR (1998c)	LG Act 2000
Local Democracy – increasing electoral turnout, strengthening public participation	DETR (1998a)	2000+

and measurement systems, better strategic planning, more efficient procurement, more user involvement and consultation. Others specifically advocate partnership working *across* agencies, between local authorities and the private, voluntary and community sectors. Yet others emphasise organisational learning and ‘technology transfer’, or the notion of ‘stretch targets’ and performance-linked rewards (Martin and Bovaird, 2005, pp.24-25).

1. The Best Value regime

Best Value (BV) was New Labour’s response to and replacement for the Conservative Governments’ transformative policies of Compulsory Competitive Tendering (CCT). In a succession of Acts from 1980 onwards, CCT required local authorities to compare the costs of continuing in-house provision of specified services with those of any interested private contractors, and to award the service contract to the most competitive – i.e. lowest – bidder. It was the

competitive tendering – the cost comparison – that was compulsory, *not* the contracting-out of the service, and only some 40% of all contracts (about 25% of overall contract value) ended up going to private bidders. Within the Labour Party, however, it was totemically unpopular, and its abolition became an urgent priority in any future Labour programme. This presented a dilemma for Tony Blair’s ideologically much more centrist *New Labour Government*, and Best Value was devised as an overt compromise: abolishing the Compulsory part of CCT, but retaining the Competitive part (see Table 1, item 7 above).

Best Value required councils to make arrangements – in the form of an annual BV Performance plan and regular service-specific and cross-cutting reviews – to secure *continuous improvement* in the way they undertook *all* their service responsibilities. The italics in the above sentence emphasise the key distinctions between CCT and BV, which made the latter at least initially more acceptable to the Government’s own party supporters. They were soon to realise, however, that the BV regime would prove every bit as centrally prescriptive and potentially even more interventionist than CCT had been. It applied, moreover, to every single service and function.

Introduced in New Labour’s first major Local Government Act (1999), the BV regime required all principal local authorities to:

- Review all their functions over a 5-year period, applying in each instance **the 4Cs**:
 - **Challenging** why, how, and by whom a service was being provided and showing that alternative approaches to service delivery had been considered;
 - **Comparing** its performance with that of similar authorities across a range of nationally and locally determined BV Performance Indicators;
 - **Consulting** local taxpayers, service users and the wider community in setting new and demanding performance targets and an action plan to deliver continuous improvements;
 - **Competing**, wherever practicable, in order to secure efficient and effective services.
- Publish annual BV Performance Plans (see Table 1, item 8 above) containing details of current performance, together with plans and targets for improvement;
- Submit Performance Plans to external audit, and all council functions to regular inspection by either the Audit Commission or the relevant specialist inspectorate.

Where inspectors believed there to be persistent failures to comply with the regulations or to secure improvement, they could refer services, and ultimately whole authorities, to the Minister, who has powers to intervene directly (see Table 1, item 9 above) (Wilson and Game, 2006, pp. 361-67).

Like all the Government's major LGMA initiatives, BV has been comprehensively evaluated, in this case by a team from Cardiff University. The team affirmatively entitled its subsidiary case study report *Changing to Improve* (Entwistle et al., 2003), but in fact its principal conclusions were distinctly lukewarm. Implementation of BV had presented 'a major challenge for most authorities' (Martin *et al.*, 2003, p.3), particularly for (in UK terms) smaller district councils with fewer corporate staff, cross-cutting reviews proving especially demanding. On the 4Cs, most councils unsurprisingly proved rather better at consulting and comparing than at challenging and competing, and few were felt to have examined rigorously the underlying need for a service, as opposed to thinking up ways of improving it.

This early evaluation also highlighted two issues that have resurfaced in several later studies. The first was a concern about the *net* value, if any, added by the policy and particularly by its enormously resource-intensive inspection regime. The second was BV's rather different reception by officers and elected councillors – the latter regularly appearing disengaged from the whole exercise and particularly from the preparation of the performance plans, that were widely seen as documents prepared by officers for the benefit of external auditors, rather than the product of any intense political debate about values, priorities and resource allocation.

Today, the BV regime remains in operation, although there has been a scaling down of councils' review programmes. The far bigger change, however, has been that its place in council concerns has since 2002 been displaced by Comprehensive Performance Assessment.

2. Comprehensive Performance Assessment (CPA)

CPA has been termed 'BV Mark II' (Wilson and Game, 2006, p.370), which is partly accurate, partly not. CPA did not *replace* BV so much as *incorporate* it. Most obviously incorporated was the dual scoring system used by all BV service inspections, with 4-point scales for 'quality of the service' and 'prospects for improvement'. CPA, which developed entirely during the Labour Government's second term of office, was first mooted in the 2001 White Paper, *Strong Local Leadership, Quality Public Services*, as a kind of BV regime applied to the performance of the *whole local authority*, rather than to individual services. Largely on the basis of similar 4-point

scoring scales determined by external inspectors, every principal local authority in England² would be assigned to one of just five performance categories: initially labelled Excellent, Good, Fair, Weak and Poor. In line with the ‘sticks and carrots’ approach noted above, those councils judged Excellent and Good were ‘rewarded’ with a lighter inspection regime and promised certain ‘freedoms and flexibilities’, while those deemed Poor or Weak came under more intensive scrutiny and received external ‘engagement’ in the guise of ministerially appointed officials to oversee and assist the authority in formulating and implementing a recovery plan.

CPA assesses and scores three main elements of a council’s activities:

- its **core service performance**, covering 6 key service areas. These services are judged on various evidence, including inspection and audit reports and the council’s own service plans.
- its **use of resources** – financial and strategic management, including its achievement of value-for-money.
- its **ability to improve** – arrangements for securing continuous improvement. Judgement here is by a corporate self-assessment and follow-up external assessment.

As will be imagined, the idea of attempting officially to characterise large (in some cases extremely large) multi-functional, multi-service organisations by a one-word adjectival descriptions was, even in a highly centralist governmental culture like that of the UK, controversial. Employees in an organisation widely regarded as excellent know full well that it has its areas of weakness; likewise, even under-performing organisations have their areas of strength and good practice. CPA requires, however, not just a centralist governmental culture and a central government that feels it necessary, desirable and appropriate to measure and monitor in this individual and detailed way the activities of elected and democratically accountable local authorities. It requires too a *scale* of local government organisation to make the exercise feasible. As shown by the figures in footnote (2) above and in more detail in Table 4, the UK, uniquely in Western Europe, fulfils that pre-condition as well, with a scale of sub-central government that most other countries would hesitate to recognise as ‘local’.

² Almost all the measures discussed in this paper apply only to **England** and its hybrid system of **387 principal local authorities**: partly two-tier, comprising 34 County and 238 District Councils, and partly unitary, comprising 33 London Boroughs, 36 Metropolitan Boroughs, and 46 other Unitary Councils. Since the creation in 1998 of the Scottish Parliament and the Assembly for Wales, local government in these nations has been run largely from Edinburgh and Cardiff respectively. Northern Ireland too has its own Assembly in Belfast, and, even when (as from 2002 to 2007) that Assembly has been suspended, the province’s local government operates independently of that in the rest of the UK.

Table 4: The scale of local government – Britain and Europe

	Population (millions)	Number of lower tier (most local) principal councils	Average pop. per council	Total no. of councillors	Persons per councillor
France	60.7	36,782 Communes	1,650	515,000	118
Austria	8.2	2,380 Gemeinden	3,440	40,570	201
Spain	40.3	8,108 Municipios	4,970	65,000	623
Germany	82.4	12,434 Gemeinden	6,630	198,000	418
Italy	58.1	8,101 Comuni	7,170	97,000	597
Greece	10.7	1,033 Dimoi, Kinotites,	10,360	18,600	573
Finland	5.2	444 Kunta	11,710	12,400	418
Belgium	10.4	589 Communes	17,660	13,000	800
Sweden	9.0	290 Kommuner	31,000	46,240*	195*
Portugal	10.6	309 Municipios	34,300	9,000	1,200
Netherlands	16.4	467 Gemeenten	35,120	9,600	1,713
Denmark	5.4	98 Kommuner	55,000	2,520	2,142
Ireland	4.0	39 Counties, cities, boroughs	103,000	N/a	N/a
England	49.9	353 Districts, boroughs, unitaries	141,000	17,289	2,886
England†	49.9	388 ALL councils, incl. counties	129,000	19,558	2,551
UK†	60.4	468 ALL councils, incl. counties	129,000	22,044	2,740

Notes: * includes 'alternates', elected at the same time † *all* councils, rather than just lower/lowest tier.

Main source: Wilson and Game, 2006, p. 263

The most obvious way, of course, of convincing local government sceptics that CPA was not only an important stimulus to service improvement but actually in their best interests would be to ensure that the first set of assessments is favourable – thereby demonstrating officially that local government performance was nothing like as poor as its critics were inclined to suggest. Interestingly, this is precisely what happened. In the first round of CPA scores in 2002, for the 150 single-tier and county councils, it turned out that 51% were ranked either Excellent or Good, and just 23% either Weak or Poor (Wilson and Game, 2006, Exhibit 9.3).

But then an annual assessment system designed to produce *continuous improvement* has also to provide evidence of that improvement, and by 2004/05 the proportion of Excellent and Good councils had risen to 67%, while the Weak and Poor had fallen to just 11%. Two years further on, and despite the Government's adjustment of the scoring system to make it literally 'a harder test' (Audit Commission, 2005), 79% of authorities had reached the top two categories, and there were none at all left in the lowest (Audit Commission, 2007). English local government was apparently approaching the state where, according to the Government's own statistics, there was little room for further improvement. The question is: has anyone noticed?

3. Intervention and recovery support

Councils receiving Excellent or Good CPA rankings are 'rewarded' with what in the UK have to be termed 'freedoms and flexibilities', but which in most other European countries would already be part of local government's constitutional powers. They include a freedom from budget- and council tax-capping (ministers' statutory right to limit both the budget and the locally raised taxes of any and all principal local authorities), reduced requirements to submit service plans for ministerial approval, greater freedom to use income from fines, and a 'much lighter touch' inspection regime. Councils that, by contrast, are judged Weak or Poor receive not exactly 'punishment', but what is termed 'engagement' – a kind of corrective therapy course. The assumption is that unsatisfactory service performance is generally caused by deficiencies in that council's corporate managerial arrangements – ineffective political and/or managerial leadership, a failure to engage effectively with its local community. Remove those deficiencies, and there should be an improvement in service performance and in the council's CPA score. What happens in practice is that the Minister appoints a *Lead Official* – usually a former senior local government manager – to assist the council

in formulating a recovery plan and monitoring its implementation. That lead official is supported by an *Audit Commission Relationship Manager*, who coordinates the council's inspection activity, and a *Government Monitoring Board* that acts as the official monitor of the council's performance recovery and makes recommendations to the Minister.

4. Beacon Councils

Best Value was deliberately designed to apply to all service responsibilities of all councils. It was backed up, though, by several other more selective initiatives, one of which, also launched in 1999, was Beacon Councils. This scheme identifies examples of excellent performance in individual councils and provides incentives for them to disseminate details of that good practice to the rest of local government through road shows, open days, publications, conferences, staff exchanges and the like. The aim is to raise service quality by enabling all councils to learn from the best.

Each year ministers select a limited number of themes in service areas in which they wish to encourage good practice – the 2007/08 selection including electoral services, healthy schools, voluntary and community sector service delivery, and tackling anti-social behaviour. Councils apply under the themes where they can demonstrate that an excellent service is being provided, and their applications are assessed and their beacon status accorded by an independent panel of experts. There are usually up to 50 Beacons per annual round, selected from around 200 applicants.

The beacon approach was applied to other areas of public service, but, while beacon schools and National Health Service beacons were discontinued after a few years, Beacon Councils are seen overall as an ongoing success. The most recent evaluation survey, by the University of Warwick's Local Government Centre, found far more positive reactions than to Best Value:

‘Authorities which have been beacons generally indicate that the costs of their involvement are far outweighed by the benefits of raising the council's profile on the national stage and boosting staff morale.’ (Rashman and Hartley, 2006, p.7)

5. Local Public Service Agreements (LPSAs)

Another selective service-focused initiative generally well received by local government has been Local Public Service Agreements. LPSAs are a particular form of partnership between government departments and individual local authorities, involving specific negotiated local performance goals,

government help in achieving them and – the all-important incentive – cash rewards for success: ‘something for something’ agreements, as the Government likes to call them.

The 3-part LPSA sets out (Wilson and Game, 2006, Exhibit 17.5):

- **the authority’s commitment** to deliver, within about 3 years, about a dozen specific and measurable service improvements, *over and above* any targets in its BV Performance plan. These targets should be defined precisely, and in terms of *outcomes*, not inputs or outputs.
- **the Government’s commitment** to help the authority achieve these agreed improvements, mainly by providing ‘pump-priming’ grants of £750,000 + £1 per head of population.
- **the Government’s commitment** to pay extra performance reward grants if/when the performance improvements are verifiably attained.

LPSAs were piloted by 20 authorities in 2000/01 and subsequently extended to virtually all unitary and county councils. A second generation of Agreements was negotiated from 2005, with local authorities remaining, according to the evaluators, ‘largely enthusiastic’:

‘The key features of the scheme – the focus on a limited number of negotiated stretch targets, Government support for implementation, and the prospect of a rewards – have motivated authorities to participate and strive to succeed’. (ODPM, 2005a, p.5)

6. Local Strategic Partnerships (LSPs) and Community Strategies

Not to be confused with LPSAs are Local Strategic Partnerships – designed as a major innovation in the whole pattern of local governance in England, as opposed to a device for achieving specific service improvements in individual authorities. While matching the boundaries of local authorities, LSPs are non-statutory, non-executive bodies that bring these authorities together with other public, business, voluntary and community sector organisations, to address strategically the ‘cross-cutting’ and multi-faceted issues that face local areas: industrial decline, unemployment, entrenched poverty, crime, vandalism, drug-dealing, family breakdown (see Table 1, item 2 above).

There are two groups of LSPs:

- 88 ‘NRF LSPs’ in the most deprived local authority areas, which receive additional funding from the Government’s Neighbourhood Renewal Fund (see Table 1, item 11 above);
- 288 Non-NRF LSPs, funded usually by their local authorities and other public sector bodies.

All are quite large bodies, simply because of the range of interests – several represented by ‘umbrella groups’ – that they have to seek to include (Wilson and Game, 2006, Exhibit 8.5). The core task of LSPs is to provide a single coordinating framework to:

- prepare and implement a **Community Strategy**, with the aim of improving the economic, social and environmental well-being of an area and its residents;
- bring together local plans, partnerships and initiatives, and improve linkages between them;
- in the 88 NRF areas, develop and deliver a **Local Neighbourhood Renewal Strategy** to secure more jobs, better education, improved health, reduced crime, and a better physical environment, narrowing the gap between these exceptionally deprived neighbourhoods and the rest.

Large-scale partnership working was a new experience for most local authorities and many did not find it easy, particularly two-tier areas and Non-NRF LSPs. Naturally, practice varies widely, but the evaluators found probably rather too many LSPs still giving most of their attention to ‘process’ or ‘governance’ issues, rather than delivery:

‘... there is often still a gap between the accepted principle of the LSP and the reality. Many LSPs’ structures and arrangements are not yet necessarily fully fit for purpose ... The implications must be that for numbers of LSPs significant levels of outcomes may still be some way off.’ (ODPM/Department for Transport, 2006, pp.7, 11).

7. Local Area Agreements (LAAs)

This wide variation of experience with LSPs would be less concerning, were it not that Local Area Agreements, the Government’s chosen mechanisms in its third term of office ‘for delivering better public service outcomes’ (ODPM, 2005b, p.5), are intended to operate substantially through LSPs. LAAs can be seen as a combination of LPSAs and LSPs, in that they are LPSA-type agreements, with commitments on both sides, but negotiated not between individual government ministers and individual local authorities, but primarily between LSPs and Government Offices for the Regions – the regional ‘outposts’ of the major domestic central government departments.

LAAs, then, are 3-year agreements, between local authorities, local agencies of central government, and other partners, to improve the quality and reduce the bureaucracy of local service delivery in a set of priority areas grouped into four functional blocks:

- Children and Young People
- Safer and Stronger Communities
- Healthier Communities and Older People
- Economic Development and the Environment.

As with LPSAs, detailed outcome targets are negotiated, the Government's commitment in this case being to 'dramatically simplify' the numerous funding streams from Government departments into the same local area, thereby facilitating the delivery of genuinely 'joined-up' services. The first 21 pilot LAAs were launched in 2004, and all LSP areas will be signed up by the end of 2007.

LGMA policies aimed at democratic renewal

After nearly ten years, New Labour's Modernisation Agenda has come to be dominated by the tranche of measures outlined above, all initiated by central government and all aimed at improving in some way the quality and efficiency of the services provided – or, increasingly, commissioned – by local government. It was for this reason that 'service improvement' led these central sections of the paper, and why it unbalances the whole – in much the same way as it unbalances the Blair legacy. Yet, when Labour first came to power, that was not how many, perhaps most, people expected local government 'modernisation' to turn out. For them, it was more about the subject of the first of the Government's consultation papers produced in 1998: Democratic Renewal.

Some brief quotes from the opening chapter of that paper will convey some of the fervour that the new administration brought to the topic:

'The Government believes in democratic local government ... It matters because it is the one government institution which, through its democratic mandate, can empower citizens locally.

'But overall in its achievements local government in this country falls far short of its great potential ... Turnout at local elections is on average around 40% and sometimes much less. There is a culture of apathy about local democracy ... [C]ouncillors – hard working and dedicated as they are – are overburdened, often unproductively, by committee meetings ... The opportunity for councillors to have a stronger voice on behalf of local communities is being missed.

'[T]o modernise local government ... requires radical change both to the relationship between councils and their communities and to the relationship between central and local government. Radical change is needed:

- to the way councils engage with and lead their local communities, through a radical programme of **democratic renewal**,
- to the way councils plan and deliver local services, through **best value in service delivery**, and
- in the conduct regime for councillors and local authority employees, through the adoption of a **new ethical framework**.' (DETR, 1998a, paras. 1.1-1.7 – emphases in original).

It was Democratic Renewal, then, that took pride of place in that early version of the Modernisation Agenda, and the consultation paper went on to outline the vision of what it entailed:

‘It will be characterised by councils which once again engage directly with their local communities. Such councils will actively promote public participation. Their electoral arrangements will be effective and cost efficient ... Councils’ political structures will be such as to capture the imagination and enthusiasm of local people ... And at the heart of councils’ role there will be leadership – leadership that gives vision, partnership and quality of life to cities and towns all over Britain.’ (paras. 1.8-1.9)

Although the consultation paper – echoing the manifesto (see Table 1, item 4) – suggested that the form of those political structures would be up to councils themselves to choose, in Chapter 5 it was made clear that the Government’s own preference was very much for leadership in the form of a directly elected executive mayor:

‘The way local government currently operates with its traditional committee structure is inefficient and opaque ... [D]esigned over a century ago for a bygone age, it is no basis for modern local government. (para. 5.1)

‘Traditional committees are also a poor vehicle for developing and demonstrating community leadership. It is not always clear who has taken a decision in reality ... Executive leadership needs to be visible. (para.5.7)

‘There is a strong argument for separating the executive and representational functions of councillors which are so easily confused in the traditional committee ... Leadership and scrutiny are distinct functions ... Both need to be recognised and accorded their rightful place and powers. (para. 5.8)

‘The role of the executive would be to exercise political leadership ... Political leadership translates the wishes of the electorate into action, taking the hard choices about resources and priorities ... It forms the basis of accountability and allows sharper scrutiny of decisions taken. (para. 5.12)

‘Political leadership can be performed most effectively and openly where it is clear who has the power to take the decisions ... The Government is therefore very attracted to the model of a strong executive directly elected mayor. Such a mayor would be a highly visible figure. He or she would have been elected by the people, rather than the council or party, and would therefore focus attention outwards in the direction of the people, rather than inwards towards fellow councillors. The mayor would be a strong political and community leader with whom the electorate could identify.’ (paras. 5.13 – 5.14)

8. The Greater London Authority and the London Mayor

As it turned out, the UK's first directly elected executive mayor did indeed prove to be about the most highly visible figure imaginable – and elected not just by 'the people' but as an Independent, standing against all other parties, including the one of which he himself had been a lifelong member, but whose leaders rejected him as its first mayoral candidate. The figure is, of course, Ken Livingstone, Labour leader of the Greater London Council (GLC) when it was abolished by the Thatcher Government in 1985/86, detested *provocateur* of Blair and New Labour, who returned in 2000 as the capital's first elected mayor (see cover, right-hand picture).

As noted above, Labour in opposition had committed itself to restoring an elected city-wide authority to London, but ministers were determined that it would not be a GLC Mark II, with the power and tax base to challenge seriously the policies of their own national government. The Greater London Authority (GLA) is therefore a strategic body, and at least as much regional as it is part of local government. The 32 London Boroughs continue to run most day-to-day services, while the GLA's chief responsibilities are those that it exercises through its four 'functional bodies': Transport for London, the Metropolitan Police Authority, the London Fire and Emergency Planning Authority, and the London Development Agency. The GLA comprises two distinct parts: a directly elected Mayor, who sets an overall vision for London and develops strategies on a range of issues – e.g. spatial and economic development, culture and tourism, transport and waste – and an Assembly, whose 25 members act as 'scrutineers' of the Mayor's budget and policies. In most key respects, therefore, it cannot be seen as a very applicable model for mayoral government elsewhere in the country, which was introduced under entirely different legislation.

9. New Council Constitutions/political management arrangements

The Government's position on the more general legislation could be divided into what it insisted was going to happen and what it merely wanted to happen. The executive/representational split in members' roles and the constitutionally fundamental switch from collective committee-based policy making to executive-based policy making would be *required* of all major councils in England and Wales through legislation. Councils, though, would have some choice about the form of executive they adopted and whether to follow ministers' preference for directly elected mayors.

There had been hints in the 1998 consultation paper of councils being permitted to pilot a variety of executive management arrangements: cabinet systems, lead member systems, directly and indirectly elected mayors, and so on. The Local Government Act 2000, however, proved both narrower and more prescriptive, presenting authorities with a choice of just three specified forms of executive:

- **Mayor + cabinet executive:** a mayor directly elected by the whole electorate, who appoints an executive/cabinet of between 2 and 9 councillors;
- **Leader + cabinet executive:** an executive leader, elected by the full council (and therefore usually the leader of the largest party group), plus between 2 and 9 councillors, either appointed by the leader or elected by the council;
- **Mayor + council manager:** a directly elected mayor, providing the broad policy direction, with a council-appointed officer of the authority as a day-to-day manager.

Whichever form of executive they adopted, all councils were to establish a structure of **overview and scrutiny** committees/panels of non-executive members to hold the executive to account. As a concession introduced during the Act's parliamentary passage, 'smaller' district councils (with populations of under 85,000) could choose, subject to ministerial approval, to retain a committee system, on condition that decisions would be taken in an efficient, transparent and accountable way, with acceptable provision for overview and scrutiny.

All councils, therefore, would be required to adopt new forms of local governance that would radically transform their day-to-day political management. When implemented, the details of whatever form is adopted would, in another major innovation, become 'a new constitution' for the council – a document, made available also on the council's website, setting out the roles and responsibilities of full council, the executive, executive and non-executive members, officers and the chief executive, the arrangements for overview and scrutiny, and so on.

The Government's position was re-emphasised in the pro-mayoral weighting of the three options offered to local authorities in the legislation. But within local government support for elected mayors was minimal and opposition fierce. Councillors of all parties were critical and concerned: critical of the 'dangerous' introduction into British local government of concentrated power in the hands of a single individual, and concerned that, if they were not among the minority of executive councillors, they could find themselves largely excluded from the policy making process. The

mayor/council manager model suffered the double handicap of being based partly on an elected mayor and partly on another institutional novelty, the council manager – an unelected official.

Following the 2000 Act, all major authorities in England and Wales were to consult their local electorates and select one of the three specified executive models. If they did opt for a mayoral model, they would have to get the agreement of their voters in a referendum. Given the strong anti-mayoral inclinations of many local authorities, there can be little doubt that the ‘consultations’ were not always as robust and evenly balanced as they might have been, but neither was public opinion as strongly supportive of elected mayors as some of their proponents were inclined to claim.

What little any public debate there was about the alternative models took place with virtually no serious reference to experience elsewhere, and certainly not to Western Europe, despite its having a considerable range – and increasing number – of both directly and indirectly elected mayoral systems (Game, 2002). The one exception to this insularity is the widely held assumption that all mayors are ‘American-style’ and, like the mayor of the fictitious city of Springfield, ‘Diamond Joe’ Quimby, necessarily corrupt if not actually in jail. There is no appreciation in the UK of distinctions between ‘strong’ and ‘weak’ mayors, or, even more relevantly, of the fact that a majority of American cities of over 12,000 – a figure which would cover every one of England’s 388 principal authorities – are in fact run by council managers.

The outcome of these sometimes questionable public consultations and minimal public debate was that the overwhelming majority of councils (over 80%) opted for the leader/cabinet model, and just 11 councils, following endorsing referendums, went for directly elected mayors: 10 mayor/cabinet and one mayor/council manager. The Government's palpable disappointment was compounded by the fact that, while the 11 authorities are all, necessarily in the UK system, significant towns and sizable urban areas, none is a really large city (e.g. Birmingham, Manchester, Leeds, Liverpool, etc.) of the kind that might serve as a flagship and opinion leader.

From the Government's perspective, then, the mayoral part of its political management reform agenda has to be seen, initially at least, as unsuccessful. The mayors themselves, however, have mostly been fairly successful and have undoubtedly achieved a far higher local political profile than they would have done as 'merely' council leaders. Significantly, and surprisingly in what is a highly party politicised local government system, half the mayors elected in 2002 were Independents of various kinds and defeated challenging candidates from all the major parties. Most have since been re-elected with comfortable majorities, and in some cases their own supporters have won council seats on their proverbial coattails. Most too have made a local policy impact, launching personal service initiatives in relation to regeneration, economic development, environmental improvement, crime and anti-social behaviour. This includes Stuart Drummond, who campaigned and was originally elected as Hartlepool Football Club's mascot, H'Angus the Monkey (see cover, left-hand picture), but who subsequently ditched the monkey suit, cut down on US chat show appearances, and was a finalist, with Livingstone, for the title of World Mayor 2005 (Wilson and Game, 2006, pp. 103-10).

In mayoral authorities the changes in political management have been obvious and highly visible. In leader/cabinet authorities, though, the role changes for all councillors, as well as for most senior officers, necessitated by the new executive-based system were just as profound and at least as difficult for many of those involved to adapt to. Many non-executive councillors in particular have found it hard losing the regular contact with policy development that their committee memberships gave them, and for just about every council the overview and scrutiny function has proved the most difficult part of the new arrangements to get operating satisfactorily. Its potential and its importance to the effectiveness of executive-based government are enormous, but for most councillors it is not

only a new role, but one demanding the acquisition of new skills – whether for scrutiny (holding the executive to account) or overview (contributing to policy development, assessing the council’s performance against corporate targets, investigating the impact of outside bodies on the local community).

While cabinet/executive members take a relatively much more favourable view of the reforms, the fact that they are greatly outnumbered by non-executive members is inevitably reflected in evaluations. A 2005 survey by the University of Manchester evaluation team (Stoker *et al.*, 2006) showed that only 31% of all councillors, though 46% of executive councillors, thought the new system was an improvement, while 32% thought it ‘a retrograde step’. More specifically, while a balance of +59% (strongly agree/agree *minus* disagree/strongly disagree) agreed that the role of the council leader had become stronger, and +27% thought that decision making had become quicker, -43% felt the public were now more involved, and -58% felt that backbench (non-executive) members were more engaged. Overall, officers’ views of the new arrangements are more positive than those of councillors, but, as was seen in Table 2, even some of them express dramatically divided opinions.

10 Increasing electoral turnout

One of the principal claims advanced by the Government for an executive-based system of local government, particularly one headed by directly elected mayors, was that it would increase awareness of and interest in local government and, as a result, raise the worryingly low levels of turnout in local elections. There is little solid evidence of any of these things having happened. No mayoral contests, either referendums on whether the area should have one or the subsequent elections, have attracted higher turnouts than might have been expected in local elections, and most have, if anything, been lower. Average turnout in the first 30 referendums, most of which were conducted by post and so did not even require voters to go in person to a polling station, was 28.7% (Game, 2003, p. 22). Average turnout in all mayoral elections except those coinciding with the 2005 General Election has been 28.6%, which shows consistency, but is hardly an endorsement of what was supposed to be a radically better and more publicly engaging model of local government.

As it happens, those figures of below 30% did represent the average national turnout in some sets of local elections towards the end of the 1990s, since when there has been a perceptible upturn – the national averages in 2006 and 2007 being 40% and 38% respectively. The explanation, however, almost certainly has less to do with any changes in the conduct of local government than with changes in the conduct of local elections, and in particular the introduction in the Representation of the People Act 2000 of postal voting ‘on demand’. Historically, postal votes in the UK were permitted only to certain categories of voters – members of the armed services stationed overseas, those working away from home, or the long-term sick – and the procedures involved in applying for them were discouraging, if not prohibitive. The 2000 Act, introduced by a Government anxious (entirely justifiably, as it proved) about the possibility of a severe fall in turnout at the forthcoming General Election, did away with the need to provide any reason at all and permitted any elector to request a postal vote for either a particular election or an indefinite period. In the 2005 General Election 15% of the votes counted were cast by postal ballot, contributing probably to the slight turnout increase from 59.4% in 2001 to 61.3%, and proportionately the impact on recent local elections must have been at least comparable.

Council tax and tax-capping – sins of omission

It will be recalled that the biggest governmental mistake identified by one in every four respondents to the *Local Government Chronicle* survey reported in Table 2 above was its failure to reform the Council Tax. There was another sizeable group who cited the linked issue of tax-capping, which meant that about a third of all respondents felt that local finance represented the area of the Government’s greatest culpability or missed opportunity. The latter description is probably the more correct, for these are not issues involving anything as easily judged as broken manifesto pledges. As we see in Table 1, there was no mention at all in Labour’s 1997 manifesto of reforming, restructuring or revising the Council Tax, any more than there was a commitment absolutely to abolish capping. What the Blair Government is being accused of here, then, are not so much broken promises as sins of omission.

The UK ‘system’ of local government finance that Labour inherited is as exceptional in its way as the scale of its local authorities. Indeed, the two are closely related, as can be seen from the

following listing of some of the system's key features. Just as CPA could only be attempted in a country with the UK's scale of local government, so too could 'capping', requiring as it does the detailed concern of ministers and their civil servants with the budget-setting of every individual local authority:

- **Under 5% of the tax paid by UK taxpayers goes to local government**, 95% (compared to the US figure of about 65%) to central government;
- **UK local authorities have access to just one local tax** – since 1993 a domestic property tax known as the **Council Tax** – instead of the range of taxes with differing tax bases (income, profits, goods and services, etc.) available to local governments in most developed countries;
- **Council tax funds under a quarter of local authorities' current expenditure**, the remainder coming from central government in the form of general and specific grants and the Uniform Business Rate, a commercial and industrial property tax that since 1990 has been set at a standard national rate by central government;
- **This 4:1 central:local balance of funding has a gearing effect**, meaning that, for every additional 1% of spending, a local authority has to raise its Council Tax by 4%, there being no other short-term source of additional income;
- **Government ministers have the right to 'cap' the proposed budget – and thereby the council tax – of any principal local authority in England and Wales**, meaning that the budget parameters of every local authority are in effect determined by central government.

Obviously, the amount of local accountability in this system is minimal. Local residents, when they come to vote, see no direct relationship between any changes in their recent Council Tax demands and the services provided by their local councils, and many at least sense that the really big budget decisions are those made by ministers in London rather than by their own councillors. If ministers do permit an authority to increase its Council Tax by more than the rate of inflation, then any householders on fixed incomes, such as pensioners, will be hit particularly hard, prompting the kind of protests and demonstrations seen in the centre picture on this paper's cover.

Reformers had various demands, depending on their interests. Those concerned with the health of local democracy and the constitutional relationship between central and local government wanted the immediate abolition of capping and a major redress of what they saw as a damaging imbalance of central-local funding, possibly through the re-localisation of business rates. Others were more

concerned with what might be considered to be the most visible symptom of the underlying problem: the Council Tax itself and its decreasing progressiveness or increasing ‘unfairness’ as the 1991 property valuations on which it is based become more and more out of line with current house prices.

Capping simply had to go – at least in the so-called ‘crude and universal’ form in which it was practised by the Major Government. For constitutionalists, it had been one of the most outrageous inventions of the Thatcher years, involving ministers overruling the budgetary decisions of elected councillors and substituting *their* judgements of what individual councils’ should be spending and how much local voters should be paying in tax. When introduced in 1984, it was used as a selective post-budget device, to force (mainly Labour) councils planning to spend what ministers considered to be ‘excessively’ to go back and think again. By the 1990s, however, it had become ‘universal’ in the sense that capping criteria and ceilings were announced for all councils prior to their starting their budget-making processes, with the inevitable outcome that the great majority of councils simply adopted the Government’s figures as their own.

The abolition of this ‘crude and universal’ capping was included in the same 1999 Act that introduced Best Value, but by this time the Government had confirmed that in its place there would be a return to 1980s-style selective capping of any councils budgeting for ‘unacceptable’ tax increases – a commitment acted upon for the first time in 2004. In the 1988 White Paper preceding the Act (DETR, 1998e) the Government also announced two other policies that would remain in place throughout the Blair premiership. First, there would be no significant changes in the Council Tax system, which was considered to be operating quite satisfactorily. Secondly, and even more significantly, there were no plans for a return of control of business rates to local authorities – even though this could at a proverbial stroke have redressed the funding imbalance to approximately 50:50.

Gordon Brown’s inheritance

As Chancellor of the Exchequer, Gordon Brown would have played an absolutely pivotal role in these and all other local finance decisions and non-decisions. Though the most contentious features

of our finance system have remained in place, there have been important reforms. Some have given local authorities at least a little more freedom of manoeuvre than they had previously – greater stability of grant distribution, self-financed borrowing for capital investment under the Prudential Code; others have not – most obviously the recently introduced ring-fenced Dedicated Schools Grant.

Mr Brown's principal local government inheritance, however, is the essentially unreformed and most extremely centralised local finance system in Western Europe. To accompany it, he has also a lengthy list of recommendations to consider from the Lyons Inquiry into Local Government – an independent inquiry set up originally in 2004 to make recommendations on the reform of the Council Tax and the case for shifting the balance of funding, but repeatedly delayed so that its final report appeared only earlier this year, just in time for the change of Prime Ministers (Lyons, 2007). Some of the Inquiry's finance-focused recommendations make an apt conclusion to this paper:

- The Government should end the use of its capping powers, and then abolish those powers, as part of a wider package of measures to re-establish clear local accountability for local tax and spending decisions (para. 61)
- While not the most urgent priority ... the Government should conduct a revaluation of all domestic properties for council tax (para. 155);
- At the point of revaluation, the Government should reform council tax by adding new bands at the top and bottom of the current band structure (para. 156);
- The Government should create permissive powers for local authorities to charge for domestic waste collection (para. 186);
- An alternative option [to re-localisation] for reforming the business rates to provide additional flexibility would be to introduce a power for local authorities to levy a supplement on the national business rate within their area (para. 195)
- Government should consult on the costs and benefits of providing a permissive power for local authorities to levy taxes on tourism (para. 206).

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