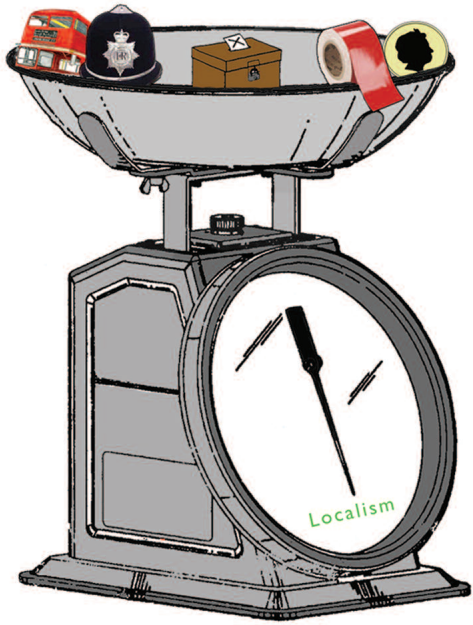
One Tier or Two?

A debate about the right scale for local government

with contributions from
Matthew Groves, Kevin Lavery
and Roger Gough

edited by
Tom Shakespeare



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LOCALIS RESEARCH LIMITED
10 Storey's Gate, Westminster, SW1P 3AY
T: 0207 340 2660
F: 0207 222 5859
E: info@localis.org.uk

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Introduction

Tom Shakespeare, *Localis*

The debate about local government reorganisation is not new. Central government policy has waved sinusoidally between County Councils, District Councils and Unitaries for years. Whether in the form of two-tier, district or other forms of local government, these structures currently have major implications for the type of services delivered in local areas, and the visibility and accountability of elected representatives.

Reading through the articles in this debate about the right level for local government, it seems as though this debate is as contentious as it always has been. Matthew Groves from Tandridge District Council argues persuasively for more powers to be devolved to District Councils, which he believes can deliver real local choice and better services. Kevin Lavery, Chief Executive of the new large Unitary Council of Cornwall argues that it is possible to be big and also deliver better local solutions. And Roger Gough, Senior Advisor at Localis and author of the report 'With a Little Help from our Friends' argues that the dual tensions of efficiency and individual local identity probably get in the way of providing services in a seamless, comprehensible fashion. Drawing from international examples, he finds that central government presence at the local level in England damages the ability of local government to deliver joined up services.

There are a few further themes to this paper which go to the heart of this discussion:

- **Natural spatial level for public services** – There is agreement that public services should be delivered at the most meaningful spatial level. The reality is that different public services are best operated at different scales. Designing a system which matches the most appropriate spatial level for all services is the goal.

- **Central efficiency vs local choice** – The argument in favour of large unitary authorities is that services delivered by one, larger body will provide greater value for money for local residents and more efficient public services. The argument against this is that it does not allow for local flexibility around local identities.
- **Accountability and disagreement** – The argument that accountability requires more elected officials to represent local interests suggests that accountability is stronger in district councils. Furthermore, it is argued in this debate that even districts are not as representative as other models in Europe. However, it is argued that the two-tier system promotes disagreement and stalling in effective decision making.

In the government's recent approach to restructuring, Councils have opted for reorganisation themselves. This is arguably one of the positive conclusions which can be drawn from this debate. One could argue that self-initiated local reorganisation is a reflection on the changing nature of the British economy, and the willingness for local government to try and improve for the benefit of local residents. It is evidence that there is indeed no one size fits all. Furthermore, it is an argument that local government can adapt in a way which central government clearly cannot.

One could argue that self-initiated local reorganisation is a reflection on the changing nature of the British economy, and the willingness for local government to try and improve for the benefit of local residents

The tensions about the nature and scale of local government are likely to continue well into the next government. If they win at the next election, the Conservatives have pledged to postpone the costly local government reorganisation process. This is obviously a fiscally prudent policy in the current climate. Yet so long as local choice is prioritised over central efficiency; and that local services are clearly defined not around an arbitrary geography but around outcomes on a meaningful spatial

level; and that there is a progression towards stronger accountability; it is just possible that reorganisation per-se may not be a bad thing.

However, as Localis has consistently argued, a truly localist agenda relies on freedom from central government interference, targets, regulation and funding. Giving Councils this freedom will provide the right incentives for Councils to collaborate, work towards outcomes not processes, and ultimately reorganise themselves to deliver the best results for local areas. By its very nature, there is no one size fits all approach to determine the right structures for local government, but by giving Councils much greater powers first and foremost, this may be the best solution to the local reorganisation debate.

Chapter 1
Government needs to be closer to residents

Matthew Groves, *Tandridge District Council*

All politicians seem to subscribe to the idea of localism. Rather like "motherhood and apple pie" it is something that by definition is regarded as good and much lip-service is paid to the concept. Looked at more closely, however, much of what has been done in the name of localism, such as attempts to regionalise the United Kingdom, have actually removed power further away from the individual and rather increased the tiers of government and bureaucracy.

What then, is the true localist agenda? Our existing system of local government in this country is in the process of being tinkered with via the setting up of a number of unitary councils. Much of the debate about localism on the Right has focussed on the role of county councils, while the Government has looked to increase the regional structure on the one hand and devolve power to parish councils, the smallest forum of local government, on the other. In this article I intend to concentrate on that more overlooked, but very much frontline form of local government, the district council.

To be clear, when I am referring to district councils I am talking about rural district or borough councils within the two-tier local-government system, as distinguished from unitary borough or district councils. It is my argument that the two tier system is more democratic, more accountable and more local.

Coming from a Centre-Right standpoint, I regard localism as a means of bringing power closer to the individual so that individuals can have more choice over how they are governed and how public services are delivered. If Government is more receptive to individual choices it will by definition be more accountable.

District councils are of a small enough scale to be more responsive than counties or unitaries and are still able to deliver effectively because they employ their own bureaucracy. Unfortunately, districts, like other tiers, have been more and more restricted by central and European diktat that undermines the concept of local representatives making local decisions. To address this, the Government should abandon its plans for more unitary authorities and free local authorities from central control.

Front-line services

In terms of its localist credentials, the United Kingdom's system of local government does not score well. The United Kingdom has one of the lowest numbers of councillors per 100,000 voters in Europe. Compared to a country such as France, where one mayor can represent around 350 voters, the United Kingdom looks less democratic in a local context.

Where councils are strongest are where their local accountability makes them responsive to local residents needs and wishes in the delivery of frontline services. A smaller council is less bureaucratic and more democratic, because the councillors are known by their voters and have a smaller officer body to steer.

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The alternative to more local delivery by delivering services from the centre is likely to be cheaper, but it will be less responsive to the demands of the electors. In the drive for efficiency, centralisation undermines choice. I feel the balance should be on the side of greater choice for residents. If choice is the driver, then local authorities will act more like private companies in their delivery of services. They will be sensitive to the wishes of their consumers.

As any neo-classical economist knows, central planning is less responsive to local and individual demands and undermines diversity

and competition of different models. A useful real-life example of district councils being innovative and responsive in their delivery of their services is Tandridge District Council's waste contract.

Tandridge has negotiated a contract that fulfils the residents' preference for a back-door waste collection. It may be that this front-line service is more expensive, but it is what the users of the service prefer to pay for. Were the waste collection service delivered county wide or across a section of the county on a unitary basis, it would be far more difficult to respond to the preferences of Tandridge residents.

In a predominantly rural district, with an aging population, a back-door service works and is preferred by council-tax payers. A service deliverer that covered a wider area would have to reach for the lowest common denominator, where different needs had to be addressed, for example urban versus rural.

Another general argument for services being delivered by smaller bodies is that it enables alternative methods to be tested. The larger the organisations, the fewer are the opportunities for experiment. Innovation is more likely and better methods are more likely to be tried out if there are more service deliverers.

Another key area of innovation that enables district councils to learn from one another and adopt best practice is joint-working. This brings the advantage of economies of scale without the loss of local autonomy or responsiveness to voters' preferences.

Are unitary authorities the solution?

To remain true to the spirit of localism it must be right to accept that unitaries are the right answer in some cases but not others. It all depends on the local circumstances on the ground. For example, a city such as Plymouth is naturally a unit with a clear identity, but a County such as Cornwall is diverse and the unpopularity of the moves towards a unitary authority demonstrates that a keen sense of local identity works against single tier authorities that cover a large area.

The argument for unitaries usually put forward is that service delivery works better if there is one organisation delivering. It is not resident-friendly and can be very confusing if one authority is responsible for one service and another for other services. Waste is a clear example of this, where districts are responsible for waste collection and counties for waste disposal.

That may well be the case, but it does not undermine the central point that the more local the level of service delivery the more responsive it is. Rather than a definite argument for unitaries, this point could be employed to argue that more frontline services, such as road maintenance could be devolved to districts.

Where unitaries undermine localism they are a step in the wrong direction. For example, prima facie it must be the case that reducing the number of local councillors reduces democracy and accountability. This is usually the result when districts and counties are replaced by unitaries.

Another argument in favour of local-government reorganisation often put forward is the savings that will be made. The jury really still is out on this though. As I understand it, too often the creation of unitary councils has been far more expensive than originally expected. Local government reorganisation can prove a costly exercise.

As mentioned above, many of the advantages of amalgamating tiers of local government can be achieved by joint working with other councils. This can achieve all the advantages of working together, achieving best practice and making substantial savings without the cost, both financial and democratic of moving towards one tier.

What's wrong with the present system?

In short the answer to this is not enough localism and too much top-down decision making. Much ink has been spent on why powers should be devolved back to county councils and the arguments are well rehearsed, but it is also the case that district councils operate within a straitjacket set up by central government. A culture of top-

down targets, ring-fenced grants and negative subsidising has led to a situation where local councillors are often in a position of simply implementing central government policy. This undermines local accountability and means that the local councillor is often viewed as ineffective.

To take one key example, when voters elect their local councillor onto the local planning authority, they expect that they will be represented. Instead they find that local councillors must give more weight to government policy statements than their own local planning policies and if they do defy the thrust of central government policy to meet their own local needs, they may well find themselves overridden by the planning inspectorate.

Voters would feel that there was far more point to voting in local elections if the representatives they elected had real power to make decisions

The disadvantage of local decisions being overridden in planning matters is that it allows the local councillors to take decisions while avoiding consequences. For example it can mean a populist stance is taken and then the blame laid on the inspector when he overturns the decision; alternatively, councillors can rely too much on what an inspector is likely to do when making their decision and thereby overlook local needs. It is important to emphasise that local councillors usually work very well within these constraints, but when decisions are overturned residents understandably ask, "what is the point in a local planning authority if the centre has the final say?"

If local councillors were given greater responsibility for their decisions it would actually work against the so-called "NIMBY" temptation. Councillors would not simply be able to play to the gallery when they knew for example that an unpopular affordable housing estate needed to be built. Greater power would mean real responsibility being taken and would make local councillors more accountable. Voters would feel that there was far more point to voting in local elections if the representatives they elected had real power to make decisions.

A similar example of the present problem of over-centralisation is in the realm of housing policy. The local housing authority has very limited autonomy. Most of what it is responsible for is in effect dictated by central government guidelines. For example, rent increases in council accommodation rent-increases are now required by government guidance to converge with the rents of housing associations. A recent decision to lower the level of increase because of the economic climate was initiated by central government.

The issue of rent increase was once a matter of genuine debate in town halls up and down the land. It was an emotive issue on which local representatives could vote according to their political principles. Now the level of debate is very limited because, in reality, there is very little local autonomy.

Although central government only issues guidance, it rewards those housing authorities that follow the guidance on rents and penalises those who do not follow the guidelines via the subsidy mechanism. Central government relies on the subsidy mechanism in a number of ways to control local housing policy.

The most inimical aspect to localism of the subsidy system is negative subsidy. This is where local housing authorities that manage their housing stock well and thereby, according to government calculations should be in surplus, are required to pay money from their housing revenue accounts to central government.

A genuinely local policy on transferring or retaining stock is also very difficult to maintain. Local authorities are required to ballot tenants on stock transfer. If councils cannot afford to meet the government requirement of decent homes standard, they are put in a position where they have little choice but to transfer the stock.

It might be asked why it is a bad thing that local housing authorities are cajoled into increasing the living standards of their tenants. Of course no reasonable man or woman would oppose improvements in living standards on the grounds of a political theory. If local accountability is taken away however, then it becomes far more difficult for the local councillor to champion the cause of tenants in his or her ward or

for the tenants to truly hold their social landlord to account. For example, if the decent homes standard requires one piece of work to be carried out and the demand from tenants is for another more pressing piece of work, the local need must fall subject to the central, uniform perspective. Centrally-imposed solutions mean less opportunity for local solutions truly applicable to the specific needs of the specific tenants.

Solutions

The goal of localism must surely be what European treaties refer to as subsidiarity i.e. allowing decisions to be made at the lowest possible level. For local authorities to have real autonomy top-down targets must be drastically curtailed and local authority funding must be looked at again. Power should be devolved not to new quangos at a regional level or parish councils with no bureaucracy to implement local wishes, but to the district level as seen in the two tier system.

There can be no real freedom for local authorities, without reform of local government funding. The more local councils are responsible for their own funding, the more they can be held to account, rather than simply competing to spend more and larger government grants. For this reason the national non-domestic rates, or business rates, should be retained at least in part by local authorities. This would also encourage local authorities to promote economic growth, as their revenue would increase with the number of businesses.

The argument of this article is that district councils are in the front-line of democracy and therefore most responsive to local pressures. Given the greater number of district councillors and the smaller wards it is easier for voters to recognise and interact with them. The district councillor is usually in the heart of a small community and is usually known.

When the district councillor is at work he or she is dealing with a much smaller officer body and therefore councillor influence over the direction of council policy can penetrate any officer cadre that might

exist. Larger bodies are far more difficult to penetrate as the elected member is faced by a large bureaucracy. Ironically this can mean that councillors on larger councils do not have a strategic overview and find themselves only able to concentrate on small-scale ward level problems. The democratic steer of the overall direction is therefore weak.

Districts are of a size with a small enough officer staff for members to have a truly strategic influence that is responsive to the direction that their voters feel the community should be heading. Therefore voters have more of a say about how they are governed.

In terms of participation in democracy, districts because of their size, if freed from central control, are the right level to increase engagement. Furthermore, by dint of the fact that there are more councillors there are inevitably more activists engaged in the political process, such as delivering literature, canvassing, knocking up on polling day. All these ways of being involved increase engagement with the voter. The fact that districts provide more volunteers directly engaged is in itself a way of involving more people in politics.

On this basis, the possibility of devolving more services to the district council should be looked at. At one time district councils were responsible for highways, why not return this responsibility? If education were to be the responsibility of district councils rather than the county, councillors accountable to a smaller number of voters could have a much greater voice over issues affecting the schools in their ward. It would probably be necessary for the building to remain in the ownership of the county councils, but the delivery of education could become the responsibility of the less remote, more local district council.

At one time district councils were responsible for highways, why not return this responsibility?

These are but a few suggestions. The main point is that if we truly believe in localism, those local authorities that have more localist credentials should be given more responsibilities. Rather than creating new tiers of government at a higher level and giving them an overall say on local issues, true devolution is about freeing the existing local

councils that for too long have often only been able to act as rubber stamps for central government policy.

Gough critique

There is much to agree with in Matthew Groves' essay. It is certainly right that decisions should, where possible, be made closest to the citizen and that the prescriptive approach taken by central government, not least in areas such as planning, undermines this. District councils are indeed the most local tier of government proper (that is, not including parish councils), though by international standards they are relatively large. Any programme of devolution from the centre to local authorities should look to strengthen districts' role where possible. A cautionary note, however; the Boundary Commissioner opted against some of the small unitary proposals last year precisely because of the case for scale and capacity in a number of key areas. The same concern is likely to apply to some of the arguments for transferring functions to districts.

Lavery critique

I agree wholeheartedly with Matthew Groves that councils need more freedom to solve local problems in a locally appropriate way.

In Feock, a small parish near Truro, Cornwall Council is taking part in a national pilot scheme for a new planning decision making process, which will allow the parish council to grant permission for minor developments.

If we are to have a truly localist approach, this is just how planning and other council services should work. Wherever possible decisions should be taken at a level that ensures they are responsive to local needs rather than dictated by central policies.

Delivery of localism through the two-tier structure works best when the two tiers work together productively and have the same mindset. The dynamic and relationship between the two tiers is often the Achilles' heel of joint working in two tier areas; the unitary structure removes that significant risk.

Chapter 2
Can big be local?

Kevin Lavery, *Chief Executive, Cornwall Unitary Council*

Can one of the biggest new unitaries in the country still be a truly local council and deliver the government's bold vision of involved communities and active citizens? Absolutely, as long as the council is prepared to be equally bold in the way it connects with its residents and communities.

In this country, no council, large or small, has really cracked the problem of proper engagement with its residents. There's a lot more to localism than the occasional consultation exercise. This is not to say that there aren't some outstanding individual projects out there that have achieved remarkable things by inspiring communities and galvanising them to act together – clearly there are. But councils as a whole still need to get to grips with localism on a wider scale.

Localism is an approach to service delivery, not a service in its own right. As such, it should permeate all aspects of council services rather than being concentrated in the odd scheme here or there. Localism can only work if all directorates, all services and all staff are on board and responsive to local differences. For Cornwall that has meant making a political commitment at cabinet level, appointing a portfolio holder with responsibility for stronger communities who will have a cross cutting role that ensures localism is an integral part of all that the council does.

Implementing the localism agenda may be a big change for councils, but it's an equally big change for local people. There's a world of difference between the passive pay-your-council-tax-and-have-your-bin-emptied-in-return scenario that people all over Britain are familiar with and playing an active role in deciding on services for your community.

The change in mindset for all of us – councillors, officers and public alike – is best effected by evolution rather than revolution. Localism

isn't an academic experiment taking place in a distant ivory tower. For Cornwall it's here, it's real and it will have a huge impact on the lives of everyone in the county. It's vitally important that we take the time to get it right.

The challenge for unitaries like Cornwall is to ensure that the advantages of being big, such as providing a strong voice for Cornwall nationally, don't in any way overshadow the local issues that people care so passionately about.

You don't have to be a district council to be local. A unitary like Cornwall, with a real desire to be approachable can be much less remote than a smaller council that expects everything to revolve around its town hall. And approachability matters in a county that is 82 miles from one end to the other. No one wants to have to jump into their car and go to the council headquarters to get things done.

When Cornwall was served by seven different councils, we had more than 600 different council telephone numbers between us

We've concentrated on making contact with the council easy – ideally something you can do from home – and taking the council to its communities when face to face contact is required.

When Cornwall was served by seven different councils, we had more than 600 different council telephone numbers between us. As a unitary, we were able to cut out the duplication and replace the former plethora of phone numbers with just 15 memorable numbers that all take a similar form.

Because working people often find it difficult to ring the council during the day, our customer contact centre is now open 8.00am to 8.00pm Monday through Friday and 9.00am to 4.00pm on Saturdays. In a large council with more than 150 customer service staff, it's relatively easy to cover these extended hours and provide everyone in the county with same opening hours. In the old days of districts and county, the opening hours and service you received depended on which district you lived in.

Staff at our customer contact centres are being trained to deal directly with the most common queries, rather than passing them on to other departments. The scheme saves time for customers, who don't have to repeat their query over and over to different people, and for council officers who are freed up to deal with enquiries that require specialist advice. Our aim is that eventually most calls to the council will be resolved by the first point of contact on the customer service team.

Of course, training like this takes time, and a larger council with more customer service staff has more scope to release staff for training without affecting the overall efficiency of the service.

Simple changes? At first glance, perhaps. After all, shops and businesses wouldn't expect their customers to wade through 600 phone numbers in search of the right one. Nor would they shut at precisely the times when their customers need them to be open. And isn't it reasonable for customers to expect the first person they contact to be able to deal with routine enquiries instead of putting them on hold or transferring them to someone else?

So why is it so difficult for local government to provide these things? Some councils have made these sorts of changes, but there are many out there that haven't. And the question has to be, why not? Surely the first step towards true localism is making it easy for people to get in touch with you and get the information they want?

For districts the problem is often lack of money. A new unitary like Cornwall benefits from the efficiency savings and economies of scale achieved by joining up the operations of seven councils. That means that you can invest in getting the basics right, and half the battle with the localism agenda is making the council accessible to the public.

In that spirit, we're also radically changing our website. The first stage was, as you might expect, bringing together the content from the seven different councils into a single, easily navigable site. Customers don't have to hunt around to find out which services are delivered by districts and which by the county council. One unitary council does everything, and everything customers need is in one place.

It was also clear to us that if we wanted residents to take a more active interest in their community and council services, we would need to make it a lot easier for them to get information on things they want to know about. We added a degree of personalisation to the website so that visitors can change the home page to highlight their individual interests rather than ours.

In time, customers will also be able to personalise the home page in line with their location so that they can quickly access any pages that contain information relevant to their area. Planning applications, school term dates, local events, even bin collection days will all be available at the touch of a button.

Of course, there are still plenty of people out there who would rather see someone from the council face to face. When you're the second biggest unitary county in England with 500,000 residents, many of whom are scattered across sparsely populated and remote rural areas, it's fairly obvious that some of those people are going to have difficulty in accessing council services.

Because of Cornwall's size, we are acutely aware of the need to go to our residents rather than have them come to us. There is no complacency or assumption that our headquarters is a convenient place to locate all our services, as there might be with a smaller authority.

Cornwall Council has a highly visible presence in its communities through the 22 one stop shops we have set up across the county, and we have introduced an Out and About mobile service that takes the council to its communities. Staff in the one stop shops provide information about council services, take council tax and rent payments and help customers to use a public access computer that allows them to access the council's online services.

The Out and About service reaches the parts that the One Stop Shops cannot, travelling to rural areas with advice on council services and benefits. It has already boosted Cornwall's economy by bringing an extra £4m into the area, through increasing the take up of housing and council tax benefit.

These are significant first steps in the long journey towards localism, but I said at the beginning of this article that to be truly local councils need to be bold in the way that they connect with their residents and communities. And here again, being a new unitary does make a difference. As a new authority, in many ways we have a clean slate. We don't have to do things the way they've always been done and get what we've always got. People expect things to be different; in fact, they demand it.

Localism is a necessity rather than a choice. We have an obligation to ensure that all of our communities receive services that respond to and meet their particular needs. Realistically, the only way to do this is by ensuring that decisions about service delivery are taken at a very local level. That's where the knowledge, drive and commitment to make things better truly lie.

Being a big unitary means that we can segment the county into 19 community networks, each with its own characteristics and each giving real control over local decisions and services to the people of Cornwall. These community network areas are much smaller than a normal district council's patch, giving far greater scope to tailor services to communities and giving local people a genuine say in what happens in their area. They are also the ideal means of developing participatory budgeting, as they offer a direct insight into local needs.

We have an obligation to ensure that all of our communities receive services that respond to and meet their particular needs

Our community networks are built around recognisable local communities and will be the main way that Cornwall Council engages with local people, encouraging them to come together through shared projects, goals and ambitions. Each community network has common characteristics and functions, but because different communities face different issues the networks have the freedom to operate slightly differently according to local needs.

The size and geography of the networks vary widely. The largest, the Camborne and Redruth network, has 13 Cornwall councillors and

covers a former tin mining and heavy industrial area with a population of nearly 50,000. The smallest network, Camelford, is based around a rural market town in a remote moorland area, and its 15,000 people are served by three Cornwall councillors.

What the community networks have in common is their basic building blocks: the public, local council members, town and parish councils, the voluntary and community sector, statutory partners, and community network managers and support staff to coordinate the day to day running of the networks.

Naturally councillors will be at the heart of their community networks. They are the bridge between communities and council, and the investment in support staff will free them up to spend more time with local residents, finding solutions to local issues and resolving local tensions.

The community networks will also provide a focus for partnership work, ensuring that all local services work together to solve problems. When local services were split between district and county councils, it was easy for a lack of coordination to creep in, however unintentionally. Things were compartmentalised. Tasks were treated as though they belong to one council, without any thought as to their effect on other the council's services, partner organisations or on wider issues in the community.

Because Cornwall's community networks will involve town and parish councils, voluntary organisations, the police and the health service, there will be a more coordinated approach to tackling local issues. The networks are a recognition that all partners have an important part to play in improving the quality of life in the county and that working together produces synergistic benefits for all.

Of course, town and parish councils already play a major role in localism. They have detailed local knowledge, which means they can often deliver very local services better than a larger council or other partners. In the community networks, these local councils will have more opportunities to influence and deliver local services and manage community assets.

Twenty five town and parish councils are set to pilot active partnering schemes later this year in Cornwall, which will allow them to take on services such as street cleansing, weed control, grass cutting, tourism promotion and maintenance of play areas, public toilets and cemeteries. Individual agreements will be developed with each of our town and parish councils over the next two years, covering key issues such as transferring services and assets to the towns and parishes and supporting local economic development.

Working alongside unitary councillors, town and parish councils will monitor the quality of local services and call Cornwall Council and its partners to account if there is a problem. Additionally, we are exploring how we can use our purchasing power as a large unitary to help town and parish councils drive down costs through joint procurement and training.

In the same way that town and parish councils may be the best way of delivering very local services, so too voluntary organisations are often better placed to engage with hard to reach groups than the council. Community networks will work with these organisations to help them build capacity and improve services. Each network will have a community chest that can be used to support voluntary groups and fund projects that meet local need.

Local people generally know what's good about their area and what needs to improve, and many are happy to devote some time and energy to making things better. So one of the things the community networks will be doing is to give people and groups the tools to play an active part in developing local services and help them with the skills they need to set up their own community projects, from securing grant funding to keeping the projects going in the long term.

When things to go wrong, the community networks will be there to put them right quickly. The aim is to give frontline staff more scope to work together, exercise their initiative and deal with problems in their early stages instead of letting the problems get bigger. The networks will also be responsible for resolving councillor calls for action and holding local forums where issues can be raised and views aired.

Above all, localism must be about making it easier to get things done. What makes a council truly local is not its size or location. It is about a willingness to change. If we want our citizens to be active, local government must be active too. We must be willing to let go and allow decisions to be made by those who are affected by them. We must respond when we are told that things need to improve, and we must become the local government that our citizens want and deserve.

We must respond when we are told that things need to improve, and we must become the local government that our citizens want and deserve

As a unitary authority Cornwall Council has sufficient weight to make Cornwall a player in the national arena, but our community networks are small enough to care about the things that matter to local people. Isn't that the way local government ought to be?

Gough critique

Kevin Lavery argues for the kind of things that must happen if unitary government in an area such as Cornwall is to be made to work. The principle of a single authority, internally decentralised, is appealing; the question remains as to whether it can be delivered in practice. There is evidence that (in general) some services, such as planning and benefits, have lower satisfaction in larger authorities; the new structures will have to work hard to offset this effect. The new county unitaries of 2008-09 are taking us into largely uncharted waters, quite different from the smaller, more compact unitaries brought into being in the 1990s (though Scotland and Wales have some relatively large unitary authorities). What is known is the financial cost of reorganisation; that of One Cornwall is well above what was originally projected, and that of unitary Durham has still to be made clear. The benefits will not be demonstrated for some time. The same goes for the ability to demonstrate that - as Kevin urges - the new council has come closer to the people rather than become more remote.

Groves critique

It is difficult to comment on the particular arrangement of local government Cornwall has opted for. The very basis of localism is that solutions must be bespoke to the local area. Notwithstanding this, I find it very surprising that a large and rural county such as Cornwall should benefit from such a centralisation of power at a county level. It seems to me that all the risks of a large bureaucracy, such as being difficult for local members to direct and elected representatives becoming removed from their communities, loom large here. As usual economies of scale are quoted as the main advantage, but such economies could be made through joint working between district councils without the having to surrender the principle of local accountability.

The creation of a portfolio holder for stronger communities and community networks (without a dedicated and independent bureaucracy) seem to me to be a tacit acknowledgement that the creation of this unitary is a major shift away from localism. I would have particular reservations about the community networks which seem to have all the dangers too many organisations without anyone being clearly responsible for decisions. Who is to be held to account when these apparently pseudo- district authorities fail to deliver? The example of the Cornish system may well give a stronger voice for Cornwall County Unitary, but surely at the risk of the small communities that make up the county losing their voice.

Chapter 3
Local government in Europe

Roger Gough, *Localis*

There are 36,000 communes? It is very useful. It means 500,000 municipal councillors, plus, don't forget, 500,000 others who would have liked to be. That is one million citizens who are interested in local affairs

President François Mitterrand[1]

Across modern democracies, 'localism' has confronted an inescapable tension. Local government is expected to be close to its citizens, and to reflect local identity and community; at the same time, the drive for efficiency, and with it economies of scale, is relentless. Manageable interaction with central government also encourages a smaller number of larger units. To these dilemmas must be added the question of clarity and accountability to the citizen – how clear, or confusing is the state? Do its structures get in the way of providing services in a seamless, easily comprehensible fashion?

This essay compares English experience in confronting these dilemmas with that of a number of its European neighbours. (Devolution has resulted in the other parts of the United Kingdom developing different structures). If the dilemmas confronted are similar, the outcomes are not; in certain respects the English approach is distinctive, if not unique. This reflects the peculiarity of England as the only large European country without an elected regional or sub-national tier of government. (The United Kingdom as a whole, of course, is a different matter, but this leaves unanswered the question of how England, with its predominant size, is governed). The result has been the creation of the biggest lower-tier local authorities in any major European country, and in a number of cases unitary authorities of a kind for which there are few if any parallels elsewhere.

One Tier or Two?

Even if it has taken rationalisation further than others, England is not unique in creating larger local authorities. At the same time that in England the Redcliffe-Maud report was published, debated and partially implemented through the 1972 Local Government Act, the Länder in the then West Germany reduced the number of municipalities (*Gemeinden*) from 24,000 to 8,400 and the number of counties (*Kreise*) from 425 to 237. In the Netherlands, the number of municipalities has been reduced from over 700 twenty years ago to 443 now. Denmark has undergone two major reforms (in 1970 and 2007) which have created significantly bigger authorities. The first reform replaced 86 boroughs and around 1,300 parishes with 275 municipalities; after the 2007 changes, there are just 98 municipalities. Over the same period, the counties were reduced from 25 to 14, and then were replaced by 5 regions. Other countries, from Sweden to Greece, have also seen a process of consolidation.

Even if it has taken rationalisation further than others, England is not unique in creating larger local authorities

However, there are still significant limitations to the creation of unitary authority structures. Pure single-tier local government is found only in smaller countries such as Finland, Greece and Portugal.[2] Both Denmark and the Netherlands combine unitary municipalities with a fairly light-touch regional or provincial level.[3] The Danish reform puts great emphasis on simplicity from the citizen's point of view; virtually all interactions with the state will be through the municipality.

This elegant-looking approach resembles Redcliffe-Maud's unimplemented proposals for England outside the big cities. However, the size of population and geographic area involved is utterly different. Even after recent reforms, an average Danish municipality serves a population of around 50,000, less than half that of a typical English District Council, while Redcliffe-Maud envisaged unitaries with populations of 250,000 and upwards. The difference of scale is also apparent in more countries with more complex structures; Germany

may have cut its number of municipalities by two-thirds, but their average population is still closer to that of a Parish than of a District Council in England.

Where unitary government can be found is in cities or large towns. This was of course the county borough model in England, swept away in one part of Redcliffe-Maud that the Heath government did accept, but effectively reinstated through the metropolitan districts and 'new' (post-1995) unitaries. Although Denmark has now followed 1970s England in abolishing its equivalents of county boroughs, they can be found elsewhere. In Germany, there are 117 *kreisfreie Städte*, unitary cities that do not belong to a county. However, they are still part of the federal system, with their respective *Länder* carrying out many of the roles of an upper-tier authority in England. Only Berlin, Hamburg and Bremen, *Länder* in their own right, combine all functions. (More widely, capital cities often have distinctive status; Vienna, Budapest, Prague and others deal directly with national government. Paris combines the roles of a *commune* and a *département*).

Not all European countries have opted for larger, more uniform authorities. This trend has been much stronger in northern than in southern Europe. The most striking example of a different approach is relatively close to home; its reputation for muscular Cartesian rationalism notwithstanding, the French state has – at least until very recently - proved very wary of messing with local peculiarities. The result is a system with three tiers of elected sub-national government, the lowest of which comprises more than 35,000 *communes*. In their current form, they date back to the Revolution; many of their traditional boundaries go back much further. They range in size from Paris and other major cities (in practice, tightly defined city centres rather than complete metropolitan areas) to tiny hamlets. Three-quarters of *communes* have populations of less than 1,000.

Efforts to reform this *Clochemerle* world have so far been successfully resisted, aided by the *communes*' powerful position in the

upper house, the *Sénat*. The main attempt to achieve mergers, the 1971 *Loi Marcellin*, relied on voluntary methods and had little effect. As the comments by François Mitterrand heading this essay indicate, the celebrated 1982-83 local government reforms left the issue well alone.

Given the failure of efforts at amalgamation, the centre has encouraged co-operation between *communes*. The first initiative of this kind dates back to 1890. In 1966, the state took a more directive approach, requiring the creation of co-operative *communautés urbaines* in four major cities (Bordeaux, Lille, Lyon and Strasbourg; ten others followed suit voluntarily). A more wide-ranging effort in the nineties, epitomised in the 1999 *Loi Chevènement*, encouraged the creation of three different types of what are known as *intercommunalités* through persuasion and financial inducements. Most strikingly, these new bodies (EPCIs: *etablissements publics de cooperation intercommunale*) have tax-raising powers. The initiative enjoyed considerable success, with 82% of the population covered by EPCIs by 2004.

This is one way to square the circle between local identity on the one side, and capacity and efficiency on the other. As such, it has attracted sympathetic commentary in this country.[4] The different forms of *intercommunalité* are in fact tackling rather different problems. While the *communautés de communes* bring together relatively small rural populations – which in England would be predominantly in 'two-tier' areas – the *communautés urbaines* cover populations of more than 500,000 and address the city-region problem. (The third group, the *communautés d'agglomération*, cover smaller urban areas with populations of more than 50,000).

Attractive though the approach is, it has its drawbacks. Like most partnership structures, it blurs accountability – all the more striking in the case of bodies which can raise taxes (while other countries, such as Hungary, have embraced the cooperative approach for municipalities, France is unique in giving the new bodies tax-levying powers).[5] Plans to allow for elections to the co-operative bodies, which

might in any case have compounded the confusion, were stymied by the strong voice of the *communes* in the *Sénat*. Furthermore, the new bodies add to the complexity and competition that is already a feature of the French institutional landscape.

Like so many aspects of French life, local government structures now face the impact of Nicolas Sarkozy. Following on from the report of a commission led by the former Prime Minister, Édouard Balladur, the government is bringing forward proposals for radical change. These include the fusing of the roles of regional and departmental councillors as *conseillers territoriaux*; the option for cities with populations of over 500,000 to take metropolitan status, absorbing the powers of the local *department*, and perhaps of the *region* and *communes* too; and the direct election of EPCIs, although *communes* would, like the *arrondissements* of Paris, maintain their own mayors. Interestingly, although the proposed reforms have voluntary elements to them, they also give the centre, represented by the *Préfet* relatively strong powers to direct change. The proposals, which are before the *Sénat* at the time of writing, are fiercely contested; they would, if enacted, represent a major shift in the French model.

France, completing its wide range of institutional arrangements, has mandatory neighbourhood councils in towns with population greater than 80,000

There is, of course, another way to reconcile the benefits of scale with those of community, which is to run larger organisations with a high degree of internal decentralisation. This is the mirror image of the (pre-Sarkozy) French approach, and it is one that the newest unitaries in England, such as Cornwall and Wiltshire, are attempting. Portugal applies this approach to its relatively large municipalities; Greece has kept some representation of the old, smaller councils within its new institutions, as has Poland. France, completing its wide range of institutional arrangements, has mandatory neighbourhood councils in towns with population greater than 80,000 (and the option of having them in smaller towns).

The difficult trade-offs between localism, the benefits of scale and simplicity are not limited to relations between different tiers of local government. The role of central (or sub-national) government agencies can complicate the picture further.

This is very much the case in France, where the central state remains highly active at local level. The role of the *Préfet*, central government's representative at the level of the *département*, was modified and reduced by the 1982-83 reforms; nonetheless, the *Préfet* remains very much in business, albeit in a more co-ordinating rather than directing role. In addition, 95% of central state employees work outside Paris, and the central state employs twice as many people per thousand inhabitants as local authorities do. This strong central presence, coupled with three tiers of local government – all with powers of general competence - creates an institutional melée. In a fashion familiar to English local government, partnerships are seen as a way to tackle the problem; however, this was scathingly described by the Mauroy Commission, which reported on local government issues in 2000, as "a system of partnerships in which everybody does everything."[6]

It is clear that the same dilemmas about the appropriate scale of local government are to be found across different countries

The German approach is very different. Not only does central government – as might be expected in a federal system - have a minimal presence in the localities; in addition, the *Länder* have undergone 'deconcentration', passing a variety of functions down to counties or municipalities. In the case of Baden-Württemberg, most of the Land's 'field operations' have been passed over to local government. This sort of transfer can be a mixed blessing, since local government can find itself preoccupied with administering the work of the *Land* to the detriment of its own priorities. Nonetheless, this seems preferable to the French position.

What lessons can be applied from other European experience to localism in this country? It is clear that the same dilemmas about the

appropriate scale of local government are to be found across different countries. These were problems that England, perhaps because of its early history of extensive urbanisation, confronted sooner than most of its counterparts. That it did so at a time when intellectual fashion was strongly in favour of economies of scale may explain the creation of much larger lower-tier authorities than are generally found elsewhere.

Of the two attempts to reconcile size and local focus, the French approach, attractive though it is in some respects, has limited applicability to England. It does have relevance for the rather fitful city-region debate. However, it is hard to read across to more rural two-tier areas, since the imperative in France is to give some scale to small, very locally-focused authorities; in England, District Councils are already much larger organisations.

The alternative model, one of decentralised larger authorities, is now under way in England's new unitary counties. However, to apply this approach to geographically large, non-urban areas with populations of up to half a million is to go into largely if not completely uncharted territory.

As a result, we are likely in the next few years to see two challenging experiments in English local government. The unitary counties will have to demonstrate that they can indeed be efficient *and* local. There is likely to be some time for the thesis to be tested; there is little current appetite for further reorganisation, and there will be even less if there is a change of national government next year. At the same time, the pressure will be on two-tier areas to demonstrate that local authorities can work together effectively and deliver savings at a time of severe austerity.

While this takes place, there is one other lesson that can be applied. In terms of central government presence at the local level, England is decisively in the French rather than the German camp. The result is to vitiate one of the benefits of local government: achieving joined-up public sector operations within a geographical area. Instead, there are high transaction costs and blurred accountability.

An assault on the quango state, and a greater capacity and willingness of the central bodies that continue to have 'field operations' to engage with local priorities, would be an important step towards localism without the upheaval of yet more structural change.

Lavery critique

As Roger Gough so accurately points out, size matters. The dilemma of how to make local authorities large enough to achieve economies of scale but local enough to deal with very specific issues relating to quite small geographical areas is not unique to the United Kingdom.

Cornwall has a strong identity, and one of the key goals of the moving to a unitary council was to provide an equally strong and undivided voice for the county at a national level to ensure that issues affecting Cornwall are heard and given proper weight.

Like local authorities across Europe, we are mindful of the other half of the equation, the need to be both local and accountable, which is exactly why we have set up our community networks. We also are working closely with town and parish councils to develop active partnerships that will allow them to deliver local services that meet identified local needs, where they wish to do so and with support from the unitary council.

Groves critique

It is certainly a sobering thought that France has such a localised level of government and the concept of intercommunalite *may well achieve the advantages of joint working while remaining true to the principles of localism. I have strong reservations about a body like that having tax-raising powers. It is not clear to me how such a body could be held directly accountable to taxpayers. It seems that the district model works better in that the control of the authority can be changed by voters voting.*

Much can be learnt from Germany in devolving power to truly local authorities. It seems that one of the greatest obstacles to genuine localism in this country is the interference from central government. The answer, in my view is not to create new larger authorities, whose ability to respond to local needs and concerns is yet to be proved, but to get Whitehall out of every nook and cranny of local government and give the existing authorities more genuine responsibility.

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About the Authors

Matthew Groves
Matthew Groves is the Conservative Parliamentary Candidate for the new seat of Plymouth Moor View. He is also Chairman of Housing on Tandridge District Council in East Surrey. Matthew has been called to the bar and then worked for the Financial Ombudsman Service settling disputes between consumers and insurers.

Matthew has been involved in local politics since the age of 23 when he was elected to his local parish council. As a district councillor on Tandridge Council, which is part of a two tier structure, Matthew has been very involved with both the housing responsibilities regarding the retained stock and development-control issues. Having begun his political involvement in local government, Matthew is a passionate believer in the principles of localism.

Kevin Lavery
Kevin joined Cornwall County Council as Chief Executive in early November 2008, having been appointed to steer the transition to the new unitary council for Cornwall which came into being on 1 April 2009.

His early career was with Bexley, Kent and Westminster Councils and with Price Waterhouse. In 1997 he was appointed Chief Executive of the City of Newcastle upon Tyne. He left Newcastle in 2001 to be the founder Chief Executive of Agilisys, the e government company. This was followed by spells as a senior director at three large outsourcing companies - Enterprise, BT and Serco. Kevin has had non-executive board positions with Northumbria University and the Housing Corporation.

Roger Gough
After reading PPE at Magdalen College, Oxford, Roger worked as an international investment analyst for fifteen years. He lived in Japan from 1988 to 1991 and later specialised in the European banking industry. At the 1997 General Election he stood as Conservative candidate for Dulwich and West Norwood. He is also currently an elected member of Kent County Council. His book, A Good Comrade: János Kádár, Communism and Hungary, was published by IB Tauris in September 2006. He has worked on a number of reports for both Localis and Policy Exchange.

Tom Shakespeare
Tom joined Localis in June 2008, having previously worked for Policy Exchange where he contributed to a report on party financing called 'Paying for the Party'. He graduated in both Mechanical Engineering (BEng) and Politics (MA) at the University of Nottingham in 2007. His final year dissertation looked into the potential application of the second law of thermodynamics to agent-based models of human action and ethnic conflict. Tom leads on research for Localis, and amongst other things, has written several reports, including 'Information, Information, Information' and 'The Future of Regional Governance'.

One Tier or Two?

A debate about the right scale for local government

The debate about local government reorganisation is not new. Government policy has shifted in support for County Councils, District Councils and Unitaries for years. However, these structures currently have major ramifications for the type of services delivered in local areas, and the visibility and accountability of elected representatives.

In the second in our series of debate publications, authors Kevin Lavery, Matthew Groves and Roger Gough consider the implications of decision making at differing operational levels of local government. The authors differ in their answer to this issue, with the question of efficiency against real local choice at the heart of the debate.

However, by its very nature, there is no one size fits all approach to determine the right structures for local government, but by giving councils much greater powers first and foremost, this may be the best solution to the local reorganisation debate.

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