



Government response to the Communities and Local Government Select Committee report into the balance of power: central and local government

*Presented to Parliament
by the Secretary of State for Communities and Local Government,
by Command of Her Majesty
September 2009*



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Preface

1. On 20 May 2009 the House of Commons Communities and Local Government Select Committee published its *Balance of Power: Central and Local Government* report which considered the current and future role of Central Government in relation to Local Government.
2. The Government is very grateful for the work that members of the Select Committee have put into this report. A number of the recommendations made resonate with the local elements of the Prime Minister's recent announcement to build a stronger, fairer and more prosperous Britain, through proposals set out in *Building Britain's Future*¹, and Communities and Local Government's recent consultation paper *Strengthening Local Democracy*², launched on 21 July. This focuses on the relationship between central and local government and local people and recognises the need to increase the power of citizens through their elected representatives to shape their communities and the services they receive. Good local democratic decision making and scrutiny is at the heart of securing relevant and efficient local services, and making the taxpayer's pound go further. The consultation paper sets out Government's ambition to increase the power and status of councils so that people are clear that their council can make a real difference, and that when they vote, their vote matters.

Overarching conclusions and recommendations

The situation today

Recommendation 1. There is clearly a wide division of opinion between the Government's view of recent developments and the views of the majority of our witnesses, many of whom believe that central direction and control remain unchanged or even that they have increased. The Government's record appears to us to be mixed. There remains a sizeable gap between the newly empowered local government that the Government believes it has established in principle, and the actual impact as witnessed at the local level. (Paragraph 28)

¹ <http://www.hmg.gov.uk/buildingbritainsfuture.aspx>

² <http://www.communities.gov.uk/publications/localgovernment/localdemocracyconsultation>

Developing current frameworks

Recommendation 12. We agree that multi-area agreements (MAAs) offer some scope for local government leadership at the sub regional level. We welcome the fact that, following the conclusion of its sub-national review (SNR) consultation exercise, the government is currently legislating to put MAAs on a statutory footing, and that groups of council leaders will have joint responsibility with regional development agencies (RDAs) for drafting and implementing regional strategies. We also welcome the Chancellor's recent announcement in his Budget speech that Manchester and Leeds will become city region pilots with enhanced powers. (Paragraph 83)

The case for local government cultural change

Recommendation 15. We have encountered examples of local government already undertaking a very proactive local leadership role. We were, however, disappointed to note that local government has become so used to existing in a culture of central control that the ambition to take on powers and responsibilities from central government is sometimes limited and even timid. Where local government has been cautious, it is perhaps understandable given past history and the untested nature of some of the new frameworks. What local government, including the LGA, needs to do now, in line with its local leadership role, is to keep testing the boundaries. The more local government can demonstrate that it has the drive, determination and vision to improve the lives of its communities, the harder it will be for outside commentators to sustain the argument that the culture in which local government operates has become overly deferential towards central government. (Paragraph 87)

Is CLG on the right lines?

Recommendation 17. Whilst we accept that CLG ministers are slowly moving in the right direction, and are genuinely committed to a devolutionary programme, we assess that many of the key challenges—concerning delivery of this devolutionary intent—lie ahead. CLG is not as far down the road as some of its rhetoric might suggest. (Paragraph 95)

3. Since 1997, Government's attention has been focused on driving up the quality of local public services. A key element of this was the need to show confidence in local government by giving them the freedom and flexibility and the resources to bring about the changes needed in order to ensure good services and a well-functioning local democracy.
4. Nine years ago, the Local Government Act 2000 radically overhauled decision-making and accountability in local government. Central to these reforms was the clear separation between executive councillors and the majority of council members. That Act also articulated the Government's presumption that powers are best exercised at the lowest effective and practical level with the introduction of a significant new power of well-being for local authorities – aimed at providing substantial scope for them to improve the economic, social and environmental well-being of their areas.

5. The 2006 white paper *Strong and Prosperous Communities* saw the introduction of the new performance framework for local government including local area agreements (LAAs). Through this, local authorities and other local service providers have come together with national government to develop agreements for each of England's 152 top-tier local authority areas. LAAs are underpinned by a statutory duty for local partners to co-operate and have regard to targets. They are agreed through the local strategic partnership, with the local authority taking a leading role. Each LAA contains up to 35 priorities, selected from the revised set of 188 national indicators and agreed with Government. Introduced in 2008, this is a key example of the continuing effort being put into partnership working between national government, local authorities and service providers. And this is not just a Government view. According to a chief constable in a recent Institute for Government report *"I think the LAA was very necessary because something was needed to make people take partnership seriously...I'm very, very keen on the idea."*³ And a report from the New Local Government Network⁴ concluded *"LAAs continue to improve, evolving from their early, top down, fragmented and burdensome incarnations, to a situation where they are now far more reflective of local needs, attitudes and expectations."*

6. At the sub-regional level, the Government has agreed a series of flexibilities (which effectively form an action plan between the partnership and central government and cover a broad range of policy areas) to enable 15 sub-regional partnerships to deliver improved economic outcomes through multi-area agreements⁵ (these cover more than half of all top-tier councils – 71 - and more than a third of the population). As set out in the Budget, city region pilots in Leeds and Manchester will test ways in which they can exercise greater leadership and leverage over key economic policy interventions if given the right influence and control over key policy levers. Government is currently discussing with the city region pilots what this means in detail.

7. In relation to the assessment and inspection regime, the local performance framework has introduced a number of important changes.

8. Local government and its partners have the prime responsibility for managing performance within their local areas, with support provided by regional improvement and efficiency partnerships. Where performance issues are not being addressed quickly or effectively, Government Offices will work with central and local partners to provide

³ *Performance Art- enabling better management of public services* Institute for Government Nov 2008

⁴ *Deal or No Deal – NLGN* October 2008

⁵ 15 MAAs have been formally endorsed by the Govt to date. However, signing ceremonies for Fylde Coast and the Olympic Boroughs are yet to take place. It is expected that these two MAAs will be signed in the next couple of months.

challenge and broker appropriate action. This may range from additional support from the sector, to consultancy support, inspection, or ultimately, where poor performance is critical or sustained - such as where services to vulnerable people fall below the minimum expected levels, Government retains its necessary powers to intervene.

9. In the realms of financial control, the first ever three-year local government finance settlement in 2007-08 allowed councils to manage their pressures more effectively. Since then, the Government has delivered greater flexibility by moving £5.7bn into general grants which are not ring-fenced, which will see the overall amount of non-schools ring-fenced funding reduce from 11.2 per cent in 2008-09 to 8.0 per cent in 2010-11.
10. In addition the Government has continued to invest in local services with a 39 per cent real terms increase in Government grant in the first ten years since it took office and a further £8.9bn over the period covered by the current spending review up to 2010-11.
11. The certainty and flexibility in the local government finance system have been particularly key during the current recession. Councils have the stability they need to plan ahead and manage their budgets to protect services. The local priorities chosen by councils and their partners also have an impact on local jobs and the economy. Councils still face tough decisions, but this is what local leadership is about.
12. Following the 2009 Budget, Government is working with local authorities and other providers of local services to find ways to ensure that taxpayers' money is used in a joined up way that meets the needs and wishes of the local citizen. This Total Place Pilot scheme will take existing effective partnerships a step further⁶. It will map how public money comes together in a local area, how better outcomes can be achieved through better joining up and collaboration and redesign of services, what barriers exist at local and national level, and explore the scope there is for value for money savings. Thirteen pilot areas have been chosen which will look at specific elements of public funding⁷. Councils, themselves, are also looking at ways to improve efficiencies and make their income go further through working together, and looking at the potential to share services. Some councils are coming up with innovative ways to save money, for example by appointing joint chief executives. This is a good example of what can be done. *Strengthening Local Democracy* sets out the view that councils should have a reach beyond their traditional boundaries and be equipped with powers to act decisively and effectively on behalf of their citizens and scrutinise, influence and shape other services.

⁶ http://www.hmtreasury.gov.uk/d/oep_final_report_210409_pu728.pdf

⁷ <http://www.communities.gov.uk/news/corporate/1299895>

13. The Select Committee has suggested that local government should do more to demonstrate that it has the drive, determination and vision to improve the lives of its communities. Evidence points to a local government that has improved substantially, as shown by the final round of comprehensive performance assessment (CPA) scores, published earlier this year. But, the results of the Place Survey⁸ show that, whilst most people are generally positive about where they live and their quality of life, the improvements seen in local services are not being reflected in people's perception of their council. There is a challenge here for both local and central government. Government wants to see local councils do more - and gain more power - to shape the services offered in their area.

14. In summary, the more councils are able to step up to their strategic and community leadership role, the more they improve their performance and efficiency; and the more actively they represent their citizens, the more devolution becomes a practical and political reality. *Building Britain's Future* set out how Government wants to work with citizens to reform democracy, overcome the recession and build the next generation of public services. *Strengthening Local Democracy* envisages a powerful new role for local authorities where they:

- play a central role for citizens in delivering their entitlements, and have flexibility and autonomy in meeting local needs
- take on the responsibility for responding to emerging local challenges and
- take greater responsibility for scrutinising and oversight of public money spent on local service delivery in an area, in order to drive improvements in services and increase value for money

As the LGIU have recognised, *“the starting point of this consultation is the right one: the recognition that councillors and councils should lead communities, and shape all the local public services, because they have a ‘unique democratic mandate.’”*

15. The consultation also seeks views on a number of the issues raised in the Committee's report including:

- how best to frame the relationship between central and local government and their responsibilities to the citizen - perhaps through formal articulation of principles underpinning the role of local government
- the potential for increased Parliamentary scrutiny through a new joint committee of both Houses to secure compliance with any such principles and

⁸ <http://www.communities.gov.uk/news/corporate/1262763>

- whether councils have the powers they need to pursue a strong local leadership role

16. Given that the consultation period is still running it would be premature for Government to respond definitively to those recommendations of the Select Committee on which we are seeking views. Whilst we will provide interim comments on those issues here, we intend to respond more fully in our response to the consultation exercise. This approach has been agreed by the Committee Chair, and we are grateful for her support on this approach.

The European context

Recommendation 2. The relationship between central and local government in England deviates from the European norm in at least three areas—the level of constitutional protection, the level of financial autonomy, and the level of central government intervention. All serve to tilt the balance of power towards the centre. (Paragraph 38)

17. Government's view is that beyond the general principles and standards of the European Charter of Local Self Government, with which the Government is clear that the UK fully complies, there is no European norm for local government. In fact, the arrangements across Europe are extremely varied, reflecting the historic and cultural traditions of each State. The independence of local government in England is deeply and historically rooted.
18. As required by Article 2 of the Charter, the position of local government is recognised in our domestic legislation. Local authorities have a huge range of specific powers vested in them by statute, which they exercise at their discretion. In this way, we fully meet Article 4 of the Charter, which lays down the general principles on which the responsibilities of local authorities and the nature of their powers should be based – particularly that powers and responsibilities should be prescribed by statute, and that authorities should have full discretion as to how they exercise their powers "*within the limits of the law.*" Similarly, Government complies with Article 9 of the Charter which deals with financial freedoms and entitles local authorities "*within national economic policy to adequate financial resources of their own*", and provides that "*part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate.*" In relation to the comments of the Select Committee on the levels of central government intervention, these are covered in the response to recommendation 7. As required by Article 8 of the Charter these arrangements are provided for by statute.
19. Both the Government's green paper *Rights and Responsibilities: developing our constitutional framework*⁹ and *Building Britain's Future* are currently exploring the possibilities around further democratic renewal which will have relevance to the role of local government. The tangible evidence of this Government's commitment to the European Charter of Local Self-Government is demonstrated by it being signed as soon as we came into office and ratification the following year. Government has not only consistently supported the Charter as a statement of key standards of democratic local government to which all democratic European states should be committed but, along with other states, recognises the importance of keeping such standards up-to-date, meeting the needs of citizens today. Hence, we are supporting,

⁹ <http://www.justice.gov.uk/publications/docs/rights-responsibilities.pdf>

along with other states, the addition of a new protocol to the Charter which gives proper recognition to the rights of citizens to participate in the affairs of their local councils: we expect this protocol to be completed and open for signature by states shortly. In relation to the specific issues raised around compliance with certain Articles of the Charter during the then Secretary of State's appearance before the Committee, we believe that these were covered in her written response to the Select Committee which is attached at Annex A to this response.

20. Building on our commitment to the European Charter, Chapter 5 of *Strengthening Local Democracy* sets out for consideration a series of principles on which central-local relations should operate as a framework for future policy; and possible mechanisms to support such principles. We therefore intend to respond in more detail to this recommendation in our formal response to this consultation exercise.

The scope for local variation

Recommendation 3. The real issue is who is best placed to make tough decisions about priorities and to get the best possible outcomes from the finite resources available. Local authorities clearly know their areas better than does Whitehall. Given the extent to which local communities differ, local authorities should have the flexibility—beyond a reasonably set national minimum standard—to vary their priorities to reflect those of the communities they serve. (Paragraph 53)

Recommendation 4. In this report we advance the principle that decisions which primarily affect one area to a significantly greater extent than others, should be taken within that area and not outside it – the subsidiarity principle. Those local authorities taking such decisions should, of course, be able to demonstrate that where there may be a spill-over impact on other areas they should be able to show that they have taken reasonable steps to take account of any such impacts. The principle should underpin a new hierarchy of decision making which respects and places on a statutory footing the rights of a local community to determine a great deal more of what should or should not occur within their locality, and how the full range of public services are delivered in their area and integrated with each other. (Paragraph 56)

21. We agree with the Select Committee that in many instances local government is best placed to make decisions on behalf of their communities. Within the new performance framework, for example, Government has reduced the upward reporting on indicators, from over 1200 originally to 188, and set an upper limit of 35 improvement targets, primarily informed by local needs and priorities set out in the local sustainable community strategy. This is fully in line with the subsidiarity principle suggested by the Select Committee. A range of independent evidence suggests that this approach is better reflecting local priorities and helping to improve central-local relationships. The NLGN report mentioned above found that "*LAs have indeed supported a more devolved, joined up policy framework for local service delivery.*" The Government has accepted recommendations

from Sir Michael Bichard to work towards further simplicity and streamlining of the local performance framework to give additional local flexibility.

22. In relation to the Select Committee's comments about placing the rights of communities on a statutory footing, the duty on local authorities to inform, consult and involve their communities came into force on 1 April 2009. This means that councils must take appropriate steps to involve local people - or their representatives - in the way that they carry out their functions. This could mean providing information, direct consultation or other involvement such as through a citizens' panel or participatory budgeting. The aim is for good quality and efficient local services to be underpinned by the effective use of the duty. Other relevant duties on local authorities and rights for local people include the duty to promote democracy and new powers to petition which are included within the provisions of the Local Democracy, Economic Development and Construction Bill currently before the House and covered in more detail in the response to recommendations 9 and 10 below. Through MAAs, Government has promoted cross-boundary working to cater for the spill-over effect that the Select Committee mentions, and Chapter 4 of *Strengthening Local Democracy* seeks views on strengthening the local democratic oversight of MAAs.
23. Questions 1-3 in Chapter 1 of *Strengthening Local Democracy* explore how scrutiny powers might be made more effective in looking at the range of local public services delivered in an area and question 8 in Chapter 2 explores the links between LAA targets and national entitlements and how they might affect each other. We therefore intend to respond in more detail on these elements of recommendation 4 in our formal response to the consultation exercise.

Does local government need new powers?

Recommendation 5. We are clear that local authorities need both sufficient formal powers and more general autonomy to pursue a leading local leadership role. (Paragraph 64)

Recommendation 6. We have considerable sympathy with the case for local government to be given a power of general competence, to provide greater recognition of the local leadership role that central government is asking it to play, and which we support. If local government is able to accumulate evidence that the well-being powers are falling short of a power of general competence to the extent that they are impeding its local leadership role, then we recommend that the Government should introduce a power of general competence for local government. (Paragraph 65)

Recommendation 8. We urge the Government to take a more flexible view of decentralisation, and to deliver on its promises of earned autonomy. (Paragraph 66)

24. As well as the examples given above, Government has introduced other policies which empower councils. For example the Local Government and Public Involvement in Health Act 2007 introduces several such measures, including the ability to make many local byelaws without the need for central government confirmation, to create parish councils and to change council governance structures. Other empowering measures include extending the power to promote well-being to all parishes that meet certain tests. This wide ranging, discretionary power already enables district, county and unitary councils to undertake any action to promote or improve the social, economic and environmental well-being of their area. Using powers within the Sustainable Communities Act 2007, the Secretary of State for Communities and Local Government invited local authorities to consult with their local communities and propose action the Government could take that would enable them to do so. Over 300 proposals were received and are currently being assessed.
25. Government recognises that councils are uniquely placed with their democratic mandate to pull together public, private and third sector bodies to tackle cross-cutting issues. Since they were first introduced in 2000, council overview and scrutiny powers have been extended more widely than most people realise. Done properly, effective scrutiny is a powerful tool for influencing local service delivery. For these reasons, Government is consulting on further enhancing the powers of council overview and scrutiny committees so that they can review the actions of key local public service providers operating in their area and call for evidence.
26. Chapter 2 of *Strengthening Local Democracy* expands the debate around powers and proposes potential new powers around mutual insurance at the first legislative opportunity. Government is consulting on a specific power as changing the well-being power or introducing another form of general power such as a power of general competence would not be certain to ensure that local authorities could engage in mutual insurance arrangements. The consultation is also asking whether there are other similar arrangements which councils believe could be beneficial that are potentially currently out of scope of existing powers.
27. The Government is interested in understanding the substance of what activities local authorities believe they do not have powers to undertake. To build this understanding, we are holding constructive dialogue with the sector as part of the *Strengthening Local Democracy* consultation and this will continue. Where specific evidence is provided to us, we will consider this on its merits.
28. In relation to the Select Committee's comments around the burden of central government scrutiny and interference, Government would disagree and refers the Select Committee to its response to recommendations 13 and 14 below. Government has taken steps to

reduce the number of performance indicators and associated targets, reduced the amount of plans, and extended the powers to trade and charge. The Government's recent consultation on *Freedoms and Flexibilities after the Introduction of Comprehensive Area Assessment* raises the important question of whether finding a way of attaching performance related freedoms to comprehensive area assessment (CAA) is consistent with Government's aim of freeing up local authorities from unnecessary bureaucracy. We are currently discussing the responses to the consultation with stakeholders to decide future progress. It is also the case that freedoms and flexibilities were introduced as a measure of earned autonomy for top performers. Now with most (80%) single tier and county councils having achieved 3 or 4 star categorisations under CPA this method of distinguishing local authorities extends most freedoms and flexibilities to most councils. *Strengthening Local Democracy* makes clear the case for further devolution but also asks whether greater powers should be premised on demonstrations of local confidence and how local councils can best reverse the decline in confidence.

29. As indicated above, Chapters 1 and 2 of *Strengthening Local Democracy* consider a number of issues around the need for councils to be fully equipped with the powers they need to act decisively and effectively on behalf of their citizens, with strategic functions that meet the needs of local people, and enable them to scrutinise, influence and shape other services. We therefore intend to respond in more detail to recommendations 5 and 6 in our formal response to this consultation exercise.

The delivery of local police, health and healthcare services: the role of local government

Recommendation 9. Our concern is twofold. First, local policing and health care services remain insufficiently accountable to their local populations. If local councils commissioned these local services, local accountability through the ballot box would be much stronger. Second, at present, local councils are unable fully to assimilate local policing and health and healthcare services into their strategic vision for the locality. So long as two such important local services—arguably the most important for most local people—remain outside its scope, the full benefits of an empowered, autonomous local government cannot be realised. (Paragraph 77)

Recommendation 10. We recommend that the Department of Health and Home Office work with CLG to establish a local authority commissioning model for local policing and health and health care. As a first step, we recommend bringing forward pilot projects in localities where there are matching boundaries and where some joint commissioning already takes place. (Paragraph 78)

30. The need for local authorities to work together with other agencies is recognised and supported across Government. The local performance framework, including the new system of comprehensive area

assessment, already demonstrates the requirement for partners, such as the police, health and healthcare services to work together in local areas, enabling and assessing services that are more responsive to local priorities and needs. Statutory local area agreements, the duty to co-operate between all LAA partners and the overview and scrutiny powers¹⁰ implemented through the Local Government and Public Involvement in Health Act 2007 demonstrate Government's commitment to cross agency working and acknowledging the benefits this can bring. The Total Place pilots will take effective partnership a step further by mapping how public money comes together in a local area, where better outcomes can be achieved through better joining up and collaboration, and the scope for value for money savings.

31. As *Strengthening Local Democracy* reiterates there are already many strong links between local government and primary care trusts (PCTs), reflecting the importance of joint working on key public health issues and the determinants of health, as well as the important community role played by primary care health services. Recent developments, such as the introduction of a requirement for all local authorities and PCTs to conduct a joint strategic needs assessment (JSNA) as well as the implementation of the local performance framework - in particular the importance of health indicators within LAAs - have reinforced and built on this. Additionally, to strengthen the accountability of the NHS to local people and communities, the new duties to involve and report on consultation have been established with a further commitment to introduce an annual statement of involvement requiring the NHS to demonstrate its involvement of, and responsiveness to, local people.
32. These developments, together with joint appointments, in particular joint Directors of Public Health, have contributed to an increasingly close relationship between health and local authorities over the past five years. Government's greater focus on social care transformation has also led to a strengthening of relationships with Directors of Adult Social Care in local authorities. The power to pool budgets has been taken up by many partnerships, with councils receiving £1.1bn in income from the NHS in 2007-08 as part of pooled arrangements.
33. Current joint initiatives, such as the partnerships for older people projects (POPPs) and common assessment framework (CAF), encourage joint working, information sharing and better use of shared resources across health and local government. We are also committed to a programme of integrated care pilots, testing and evaluating a range of models of integrated care¹¹. The recently published green paper on care and support: *Shaping the Future of Care Together* underlines the importance of better joined-up working between health

¹⁰ Which enable overview and scrutiny committees to obtain information from, and require regard to be had to scrutiny recommendations, by any partner in the LAA where relevant to a target in that agreement that the partner is signed up to.

¹¹ Department of Health (2008). *The Primary and Community Care Strategy*

and social care in delivering a fair, simple and affordable National Care Service that is an equal partner to the NHS. In addition, the recently established Ministerial Group on Integration of Health and Social Care highlights the Department of Health's commitment to joint working, and has brought together key stakeholders from the NHS and Social Care to identify what works well and to help push forward joined-up working.

34. However, the NHS is a national service funded through national taxation; it is the Government nationally which sets the framework for the NHS and which must remain accountable to Parliament for its operation. Therefore, whilst the aim is to give local organisations the space to innovate, not to impose organisational change upon them, there will be no top down reorganisation of primary care trusts or strategic health authorities. This does not mean that Government will not continue to work towards the development of even closer relationships between local authorities and primary care trusts. In particular, this Government supports local initiatives to share resources and to develop further joint accountability and scrutiny arrangements. The Department of Health is due to publish refreshed guidance on the important role played by health overview and scrutiny later this year.
35. The Home Office recognises the importance of securing appropriate local accountability for services in local communities. As the accountability for the police service is the subject of a forthcoming government white paper announced by the Prime Minister in May this year and other legislative changes, the Government recommends that these areas should await the outcome of the changes already in progress.
36. Additionally, subject to Parliamentary approval, powers in the Local Democracy, Economic Development and Construction Bill will introduce a new duty to promote democracy which will require councils to explain to local people what local decision-making bodies do, how they make decisions, and how people can take part in or influence those decisions. This would make local police, health and other bodies more accountable to citizens by ensuring that people are aware of what they are and how they work. Government's long-term ambition is effective local scrutiny across public services delivered locally, combined with clear entitlements, leading to a reduction in the volume of central targets, prescription and inspection.

Developing current frameworks

Recommendation 11. The challenge now, for local government, central government and other local strategic partners, is to ensure that the LAA process develops as a true partnership with sufficient flexibility to register local priorities as well as minimum central requirements. In particular, we look forward to seeing more pooling of resources under the LAA, and for those resources to come more equally from other partners as well as local government. (Paragraph 81)

Recommendation 13. Although we accept that there will always be a need for an external review of standards, the challenge will be to ensure that hard targets are not simply replaced by a range of softer audits, reviews and report backs that, in total, serve the same invasive purpose and continue to tie down local government resources and stifle innovation. (Paragraph 84)

Recommendation 14. We look forward to monitoring the success of CLG and the Audit Commission in delivering an effective but genuinely less obtrusive performance framework. Regulation and audit are overhead costs for local government and need to be proportionate to the benefits achieved. (Paragraph 84)

37. This Government recognises the importance of local government's ability to respond more effectively and innovatively to the needs of the communities they serve. Crucial to this, sufficient financial freedom and flex on monies councils receive from central government is needed, so that they can respond effectively to local pressures and target funding at the priorities that matter most to them. To this effect, Government is committed to providing funding on a non-ring-fenced basis unless there are sufficiently strong reasons to justify ring-fencing. The Government continues to look to increase flexibility of local government funding. We are pleased that, this far into the current spending review period, 44 former specific revenue grants have been subsumed into area based grant.

38. We have set out above our success in reducing the number of performance indicators and our commitment to a further streamlining of the local performance framework.

39. Government agrees with the Select Committee that it is important that the new comprehensive area assessment and inspection system reduces the burden on local government and encourages innovation. The new system of CAA, introduced in April 2009, will highlight innovative approaches and encourage the sharing of learning and leading edge practice – not just find fault. It improves on the previous approach taken by CPA by bringing together assessments of performance across each local area. CAA focuses more on outcomes, on citizens' experiences and perspectives, and on areas rather than individual organisations. This means better co-ordination and joint working between the inspectorates, which will help to reduce duplication and the burden on those inspected (which is reinforced by the fact that the Audit Commission has been given a formal gatekeeping role to protect local authorities against undue burdensome inspections by other inspectorates¹²) as well as cutting back the overall data burden. It also seeks to reduce the cost of assessment and inspection, by targeting the inspectorates' effort on

¹² The Audit Commission for Local Authorities and the National Health Service in England (Specified Organisations) (England) Order 2009 (S.I. 2009/1360)

those areas and services where they can have the greatest impact or where the risks of failure are most significant. The first CAA reports are due by December 2009.

40. Government also agrees it is important for both Government and the Audit Commission to continue to evaluate the CAA. As part of the inspectorates' CAA review and evaluation processes the Audit Commission has commissioned the first phase of an external evaluation of the CAA to help assess its impact and value for money, for reporting next year.

The role of central government

Recommendation 16. Central government should maintain a very high threshold before it intervenes in only the last resort. Too early an intervention blurs local accountability and disincentivises local government from solving its own problems. (Paragraph 93)

Recommendation 7. We have also noted the frustration that, regardless of their track record, local authorities remain subject to invasive central government scrutiny and interference. (Paragraph 66)

41. Local government and its partners have the prime responsibility for managing performance in their areas. Where problems occur, there needs to be strong support from within local government to put things right quickly. The IDeA and regional improvement and efficiency partnerships have important roles to play in this regard. But as the Select Committee recognises, Government must retain its powers to intervene.
42. As set out in *Strengthening Local Democracy*, Government's ambition is effective local scrutiny combined with clear entitlements, leading to a further reduction in the volume of central targets, prescription and inspection. Whitehall and the regulatory regime have already taken a step back in order to give the sector the opportunity to address underperformance and demonstrate that it can be responsible for its own improvement. The bar for Government intervention should be high; supported by local government demonstrating its success in effective mutual challenge and support to enable the delivery of efficient and effective outcomes. We will look forward to discussing with the IDeA and LGA the results of their consultation *Setting the Pace* to enable us to establish an agreed approach that ensures that local performance continues to improve across the board.

Do other government departments need to change?

Recommendation 18. The centralist attitudes of the Department of Health and Home Office in relation to local health and policing are replicated to a greater or lesser extent across many, if not all, other government departments and their agencies. At present, in a number of key local service areas, they are acting to constrain local government influence. The

challenge for central government departments and agencies is fully to recognise the legitimacy of local authorities' leadership role in their localities, and better to accommodate local authorities into the decision-making process. They need to embrace a cultural change that allows greater autonomy for local government. In principle, we believe that central government departments and agencies should work with CLG to devolve greater local decision-making powers, with the necessary resources, across a much wider range of public policy than has hitherto been the case, to all local authorities. As a first step, we recommend that they devolve such powers to high-performing local authorities. (Paragraph 100)

43. Government would refer the Select Committee to the response on recommendations 3, 9, 10, 11, 13 and 14 in relation to the local performance framework, which in our view clearly demonstrates a cultural shift within central government in its attitude towards local government especially in relation to the substantial reduction in the burden of targets, indicators and inspection. The acceptance, alongside the Budget, of the Operational Efficiency Programme recommendations on local incentives and empowerment show the Government's collective commitment to further embed the principles of devolution and subsidiarity.

44. The Home Office recognises the value of effective partnership between the police service and local authorities. Elected members on police authorities already provide an important link with how local policing decisions are made. Crime and disorder reduction partnerships (and community safety partnerships) clearly provide an opportunity for local people to see how important local partnerships are in meeting the needs of the community. The new single confidence target emphasises that action on crime and anti-social behaviour cannot be successful unless policing is complemented by effective action from local authorities.

45. In addition, *Building Britain's Future* has advanced a new agenda for our public services and local government, where individuals and communities will have enforceable entitlements in public services. As well as new pupil and parent guarantees in education, these include rights to access neighbourhood policing, and waiting times and health checks in the NHS. Local government will have a key role in ensuring these entitlements are met, and the enhanced scrutiny powers proposed in Chapter 1 of *Strengthening Local Democracy* would help councillors to play a stronger role across services delivered locally.

Does the civil service need to change?

Recommendation 19. Avowed ministerial intent is for a more partnership-based approach to relations with local authorities. However, as we noted in the previous chapter with regard to the local area agreement (LAAs) process, during detailed negotiations with local authorities some central departments have continued to seek to impose top-down direction. We assess that further and more thorough cultural change within Whitehall is

still required. Ultimately, ministers set the overall tone of a department, and a cultural change in the civil service is dependent upon a cultural change at the top of the department. We are therefore encouraged by the mood-music from CLG's senior ministers, and look forward to seeing progress replicated among senior ministers in other departments. Meanwhile, we acknowledge the increasing efforts being made to cross-fertilise between local and central government at official level, and recommend that these efforts be expanded. We look forward, in particular, to receiving reports of the progress within CLG of the Minister for Local Government's "back to the coalface" initiative. Further, we recommend that CLG or the Cabinet Office monitor and publish other government departments' efforts in this regard, to ensure that they are following CLG's example. The new partnership working of the LAA process, upon which much of the success of local government's place-shaping mission depends, will only work if both local government and central government officials appreciate that their roles have changed, and that they are engaging in a dialogue of equals. (Paragraph 104)

46. Through the programme of capability reviews, the capabilities of central government departments are assessed against a common framework spanning leadership, strategy and delivery. The results of these reviews are published and further details can be found at the link below¹³. The next round of capability reviews, which are due to start in 2010, will look closely at departments' abilities to work effectively in partnership with others – including local authorities – and to build the knowledge, experience and good practice that exists at local level into strategy and policy-making.
47. In relation to the Select Committee's comments on the "back to the coalface" initiative, we have surveyed our leadership team on these points. The survey shows that around a quarter of Senior Civil Service staff in the Department have previously worked in a local authority. The proportion for senior Government Office staff is one third. CLG has also recruited two new Directors General, both with significant local authority experience. The survey also shows that, of those who responded, none had served as an elected member on a local authority.
48. Over the last six years there have been 77 secondments between CLG and local government. CLG is currently working with Cabinet Office to set up an interchange programme between Fast Streamers and the National Graduate Programme of Local Government (NGDP). CLG will pilot the programme. It is hoped that it will be in operation by February 2010. This will provide valuable personal development opportunities and a chance to share knowledge and good practice, fostering good relationships and understanding between CLG and Local Government.

¹³ <http://www.civilservice.gov.uk/cross-government/capability/introduction.aspx>

Local government accountability

Recommendation 20. The Government should consider options to increase local government's revenue raising powers, in order to promote local accountability and encourage local government autonomy. This would encourage local government both to be more proactive and to be more proactive quickly—so that local authorities are able to respond immediately to rapid changes on the local scene. (Paragraph 108)

49. Local government funding was extensively reviewed by the Lyons Inquiry into Local Government. The report said that it was not obvious that a new or larger local revenue stream would of itself create greater independence from central government. The Government shares that view.

50. Local authorities already have considerable autonomy and have been able to respond positively to the challenges of their local areas in the current economic climate. This has been helped by the action Government has taken to deliver greater flexibility for local budget decisions through reducing the ringfencing of funding and through the introduction of three year settlements mentioned above which has allowed councils to plan ahead better and manage the pressures they face.

51. The local government sector already has significant powers to raise revenue through fees and charges in return for the provision of services, and many councils have used this mechanism extensively to support local service delivery (for example through parking charges, charges for leisure services and planning fees). The Lyons Report commented on these powers, encouraging all local authorities to take a strategic approach to the use of charges. The Government supports councils in looking creatively at the scope offered by fees and charges in helping reinforce local accountability and responsiveness in service delivery.

52. *Strengthening Local Democracy* includes proposals that will increase accountability, without changing the local government finance system.

The business rate

Recommendation 21. During the recession, re-localisation would give local government an additional tool to pursue local recession-proofing policies. In the longer term, it would give local government an additional tool to promote economic growth and regeneration. Clearly, the concern about equalisation would have to be transparently addressed, in order to reassure local authorities with a smaller business tax base that re-localisation would not result in them losing out. Nevertheless, on balance, the arguments in favour of relocating the business rate made in our predecessors' report remain valid, and we repeat, therefore, the recommendation made in our predecessors' report that the Government return business rates to local authority control as soon as possible. (Paragraph 115)

53. The Lyons Inquiry considered the case for returning business rates to local control. Its analysis was that that would not be appropriate at present; however it did recommend the introduction of local business rates supplements. As the Government made clear in the 2007 Budget Report, it agrees with the Lyons Inquiry report that the current structure of business rates provides certainty for business and therefore promotes investment, and so is not proposing changes to the national system of business rates. However, the Government accepted the case for changing empty property rate relief and has implemented that change, and that business rates supplements can be introduced.
54. The Government believes that the introduction of business rate supplements, as recommended by the Lyons Report, will provide a new tool for local authorities, working in partnership with local business, to support projects aimed at promoting the economic development of local areas, where appropriate. The Business Rate Supplements Act 2009 provides a new discretionary power for county councils, unitary district councils and, in London, the Greater London Authority, to levy a supplement on the business rate and retain the proceeds to invest in additional projects aimed at promoting economic development.
55. The Government is committed to delivering high and sustainable levels of growth, and to narrowing the economic differences between economically prosperous areas, and those which are less so. However, if local areas kept their own business rates, there is a risk that areas with a firm business base would be over-resourced in comparison to those with a smaller business rate base, and consequently other areas would not have sufficient resources to meet their statutory obligations for service delivery or to invest in regeneration of their areas or help business growth. It is for this reason that business rates are re-distributed through the local government finance system.

Capping

Recommendation 22. Local councils should have the opportunity to make the case for council tax increases to their electorate, and the electorate, rather than central government by decree, should have the final verdict on whether the tax increases proposed are excessive. The continued use, and threat, of capping are emblematic of the Government's ultracautious approach to devolution. (Paragraph 117)

56. Local authorities do take their own council tax decisions and remain accountable to their electorates for these decisions. Capping powers have only been exercised in a small number of cases since 2004-05 – and the capping process allows authorities to make the case for the increases they have set. The Government believes that it would be failing in its duty to council taxpayers if it ignored excessive increases, and for this reason it included a commitment to cap any such increases as a distinct pledge in its 2005 manifesto. The Government is mindful

that local government accounts for 27 per cent of UK public sector expenditure as a whole.

Alternative forms of grant allocation

Recommendation 23. The advice and evidence given to the Department to inform changes to the grant formula—and exemplifications of the effects of different options considered—should be available on the CLG website. This would ensure that changes based on extraneous considerations would be minimised, and a formula based on real needs and true resources arrived at. (Paragraph 120)

Recommendation 24. We recommend that the Government increase the transparency of the existing grant allocation process, and that the Local Government Association take on more responsibility for engaging with the Government on grant allocation decisions. (Paragraph 121)

57. Local government finance has an understandable reputation for complexity. The distribution of formula grant takes account of the relative characteristics and ability to raise council tax of the areas of 421 different authorities in England, including police and fire and rescue authorities. The Government operates grant distribution so as to promote the three aims of equity, stability and predictability. Given all these considerations, it is unlikely that the formula grant distribution system will ever be simple.

58. That said, the Government accepts that the system should be operated as far as possible transparently. To that end, CLG publish on its website a good deal of detailed material including: the workings for each individual council's settlement each year; and the papers and minutes of the consultative Settlement Working Group, which will include papers considering different options for grant distribution in future years, including exemplifications of their effects where appropriate.

Changing local government tax

Recommendation 25. In principle, a supplementary local income tax introduced alongside council tax but with a corresponding reduction in central taxation so that the overall tax burden remained the same, is a potential longer-term solution to the balance of funding problem, and one that Government should seriously consider. It would be possible to replace central funding with such an income tax without any change to the total collected in taxation overall. Councils would then decide at what level to set their local tax. (Paragraph 123)

59. A supplementary local income tax would involve very significant restructuring costs, complicate the existing taxation landscape and place unwelcome additional burdens on businesses. It would raise questions regarding administration, collection, compliance and fairness. It is not clear that these issues could be satisfactorily

resolved; nor how such a system would fit alongside the current nationwide income tax system; nor how adverse local distributional effects could be avoided. The Lyons Report concluded that, while a local income tax could be feasible, it would be a significant undertaking that could only be implemented in the medium to long term. The Government has no current plans to undertake such a project.

Is a constitutional settlement important?

Recommendation 26. We recognise the difficulty of achieving a lasting constitutional settlement for local government within the context of a Westminster model. However, we believe that the Concordat and Charter are potentially useful documents that ought to be guiding Government departments' relationships with local government far more obviously than has been the case thus far. Potentially, as Sir Michael Lyons also suggested in his report, a constitutional settlement involving local government could provide impetus and help sustain a substantial shift in the balance of power between central and local government. We recommend, therefore, that the Government introduce 'constitutional' legislation that places the European Charter of Local Self-government on a statutory basis. (Paragraph 134)

60. The heart of this Government's constitutional agenda since 1997 has been to set down the values which define our citizenship and help to define our country. And we have strengthened these by implementing the Human Rights Act and by updating data protection legislation. As the Select Committee recognises, at present the UK has no written constitution. Placing the European Charter of Local Self Government on a statutory basis would be a move towards such a constitution and would represent a fundamental and historic shift in our constitutional arrangements.
61. Chapter 5 of *Strengthening Local Democracy* sets out for consideration a series of principles on which central-local relations should operate and seeks views on whether such principles should be formally articulated and, if so, what form they should take. We intend to respond in more detail to this recommendation in our formal response to this consultation exercise.
62. *Building Britain's Future* proposes to involve the public in a sustained debate on whether we should go beyond our current proposals to bring into a written constitution both the duties and rights of individuals and the balance of power between Government, Parliament and the people. This debate and the responses to *Strengthening Local Democracy* will build on the dialogue we began in *Rights and Responsibilities: developing our constitutional framework* which is mentioned in the Government's response to recommendation 2 above. This debate might present further opportunity to discuss how best to give local government more formal recognition.

The case for cultural change in Parliament

Recommendation 27. The manner in which Parliament debates some essentially local issues can work to constrain local government. In England, local government's alleged failings quickly get elevated to the level of national debate on the floor of the House, as recently seen with regard to child protection issues—the Baby P case—and preparation for heavy snowfall. The effect of repeated parliamentary interventions is to encourage the public and media to look to central government to solve local problems, and to prompt central government to act. To help achieve the benefits described by Professor Tony Travers, Parliament may need to curb some of its own interventionist instincts. We were told by local politicians during our trip to Denmark and Sweden that, having agreed the overall framework and guidelines, each country's Parliament kept out of local government affairs. Whilst we fully accept that MPs have an obligation to raise issues that matter in their constituency, it may be that they need to set themselves a higher threshold before raising and debating essentially local matters in the chamber of the House. (Paragraph 137)

63. We agree that, to fulfil their mandate effectively, MPs are obliged to raise issues that matter in their constituency. However, it is not for the Government to direct the ways in which MPs best serve their constituents. This is a matter for individual MPs, who must work within the framework that Parliament provides.

Parliamentary scrutiny

Recommendation 28. Whilst we share the Secretary of State's caution with regard to setting up new Committees in principle, we think in this particular instance the idea has merit. We have argued in the previous chapter in favour of putting the Charter on a statutory basis, and requiring government ministers to declare the compliance of Bills with the Charter in the case of each piece of domestic legislation. We are persuaded that establishing a Joint Committee to monitor Government compliance with this constitutional settlement would provide further impetus to creating and sustaining a pendulum swing in the balance of power between central and local government. (Paragraph 140)

Recommendation 29. To assist the Joint Committee in its latter task, similar to the provisions under the Human Rights Act, government departments would need to confirm on the front of domestic bills that they complied with the local government statute. (Paragraph 141)

Recommendation 30. We further recommend that the Government direct its departments, where relevant, to include an analysis of compliance with the local government legislation within the impact assessment that they already undertake for each piece of legislation. (Paragraph 141)

64. Chapter 5 of *Strengthening Local Democracy* explores the mechanisms under which any framework of principles might be supported, including the option of a Parliamentary Select Committee or ombudsman-style arrangement. We therefore intend to respond in

more detail on these points in the CLG formal response to this consultation exercise.

65. Communities and Local Government believe that better outcomes are achieved when central departments engage early and closely with local authorities when designing and implementing new initiatives. CLG is committed to continuing to build capacity to assist other departments with this. This will ensure that the impacts of new initiatives are considered and tested with local authorities, prior to implementation. This would build on opportunities presented through mechanisms such as the central local partnership and the concordat.
66. Impact assessments require the impacts of proposed policy interventions to be set out and help policy-makers and others to understand the consequences of those interventions. This already includes the impacts at a local level – this would include the impact on local government where relevant. In addition, departments are required to undertake a new burdens assessment where there are net costs to local government arising from any central government initiative, legislative or otherwise, and ensure that these costs are provided for. Government believes that these processes clearly demonstrate our determination to ensure that the impact and cost of proposals from central government on local government are fully assessed, and, where necessary, funded.



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02 MAR 2009

Dear Phyllis,

CLG Select Committee – response to queries

When I gave evidence to the Committee on 12 January, I undertook to provide you with further information on various issues. My detailed response on these matters is below. I am also taking this opportunity to respond to Committee member Greg Hands' letter of the same date requesting a copy of the letter I mentioned that my Right Honourable colleague John Healey MP had written to local authorities covering the matters raised when I gave evidence. A copy of that letter is attached as requested at **Annex C**.

In response to the other issues raised, I hope the following information is helpful:

In relation to the questions on the numbers of senior staff in CLG and the Government Offices with local authority experience, raised by Dr John Pugh:

Q625: *Can you give us any kind of figures or data that indicate the number of top civil servants in your own department that will have local authority experience? Have you any idea what percentage of them would have either worked for a local authority or been on a local authority?*

Q626: *Could you couple that with a note on the number of heads of government offices in the various regions that have had direct experience of local government?*

We have surveyed our senior leadership team on these points. The survey shows that around a quarter of Senior Civil Service staff in the Department have previously worked in a local authority. The proportion for senior Government Office staff is one third. The survey also shows that, of those who responded, none had served as an elected member on a local authority.

The Chair also asked about the origins of pooled money:

Q634: *Can I just ask about the money in relation to local area agreements? Where money is being pooled does your department have information on how much of that money is coming from local government and how much from the other partners? If you do not have it now can we have it later?*

Q635: *The perception is that it is largely local government money that is put in and not much else.*

All local government funding, except ring-fenced grants whose conditions restrict them for doing so, is available for pooling. This includes formula grant (RSG/business rates), Area Based Grant, specific un-ringfenced grants, and specific ring-fenced grants whose purposes make pooling possible. It also includes councils' own resources, whether from council tax, fees and charges, or other income. It is a matter for each individual council to decide how much to pool, and we do not collect information on that. There is also no requirement for us to collect this data from other partners.

You may also be interested to know that we are reducing the overall amount of ring-fenced funding (excluding schools) as a proportion of Government grant over the three year period from 11.2% in 2008-09 to 8.0% in 2010-11.

In response to the points made by Andrew George and the Chair on the European Charter for Local Self Government:

Q663: *The Council of European Municipalities and Regions and others also in their evidence have suggested that we are not compliant with Articles 2, 4, 8 and 9. Would it be possible for you to perhaps provide a note to us to demonstrate the extent to which the Government is compliant with those articles in particular?*

In ratifying the Charter in 1997, the Government satisfied itself and Parliament that existing domestic legislation and policies for local government were already wholly compatible with the Charter. A copy of the Command Paper which was laid before Parliament at the time of ratification is attached at **Annex D**.

Except as prescribed by legislation, local authorities in England are independent and not accountable to central government. Hence they are able to determine their own administrative structures, recruit competent staff, raise local taxation etc.

Article 2 of the Charter: Constitutional and legal foundation for local self-government

This article provides that the principle of local self-government should be enshrined in written law or that it should be recognised in the constitution "where practicable". In the UK the principle of local self-government is recognised in the whole corpus of domestic legislation including, particularly, the Local Government Acts, that make provision for the powers and procedures of local government which are entirely compatible with the Charter. There is no need for taking the exceptional step - as suggested by some - of giving this principle specific constitutional recognition or providing a comprehensive statement of the Charter's principles in an Act of Parliament.

Article 4: Scope of local self-government

This article lays down the general principles on which the responsibilities of local authorities and the nature of their powers should be based. It provides for powers and responsibilities to be prescribed by statute – as is the case in the UK. It further provides for authorities to have full discretion as to how they exercise their powers "within the limits of the law". In the UK this is certainly the case – local authorities are independent and not accountable to central government. It also articulates the general principle that the exercise of public responsibilities should be decentralised, that the overlap of responsibilities should be avoided, that authorities should be allowed discretion in adapting

the exercise of their powers to local conditions and that they should be fully and openly consulted on relevant matters – very much at the heart of the 2007 Central-Local Concordat between the government and the LGA.

Article 8: Administrative supervision of local authorities' activities

This article deals with the supervision of local authorities' activities by other levels of government and provides for such supervision to be exercised according to statute – clearly the case in the UK. It requires that supervision should normally aim only at ensuring compliance with law, and that any intervention shall be kept in proportion

Whilst CLG retains the powers to intervene in cases of significant and enduring under performance, the emphasis in the first instance is on the sector to be given the opportunity to address issues. Local government and partners have the prime responsibility for managing performance within their local areas. They will be supported by local government-led Regional Improvement and Efficiency partnerships, made up of authorities, working with partners, committed to working together to raise performance collectively.

Where performance issues are not being addressed quickly or effectively, Government Offices will work with central and local partners to provide challenge and broker appropriate action. This may range from additional support from the sector to consultancy support, inspection, or, ultimately, formal intervention action. Any formal engagement needs to be proportionate, reflecting local context and performance as well as where the most efficient and effective sources for support are located. Increasingly this will be at local or sector level.

Comprehensive Area Assessment (CAA) will be introduced from 1 April 2009 as part of the new local performance framework, replacing Comprehensive Performance Assessment (CPA) and most other existing inspection programmes for local authorities. CAA will be carried out jointly by the independent local service inspectorates on behalf of Government and is designed to focus on assessment rather than regular on-the-ground inspection. Inspection will primarily be triggered by identified risk and tailored to local circumstances, so that the inspectorates can target their effort on those areas and services where inspection can have the greatest impact or where the risk of failure is most significant, thus reducing the administrative and overall impact of inspection on local bodies which commission and deliver services.

Finally, the Government's better regulation policy aims to reduce burdens by simplifying existing regulatory regimes, removing consent requirements etc and ensuring new policy imposes the minimum new burden by following better regulation principles

Article 9: Financial resources of local authorities

The UK fully complies with Article 9 which deals with financial freedoms and entitles local authorities "to adequate financial resources of their own". Hence, the UK recognises that authorities are free to decide how to use resources "within the framework of their powers"; recognises authorities' need for their own resources (decisions as to quantum are taken in accordance with national economic policy); and, in England, the Government's new burdens procedure requires that the net additional cost of all new burdens placed on local authorities by central government must be fully and properly funded.

Q666: *We have a slight interact with our signing the European Charter of Local Self-Government, for example, because if you are saying that Parliament has untrammelled powers would the signing of the European Charter of Local Self-Government actually limit Parliament's powers to, should it wish, convert us into a totally centralised state?*

The European Charter of Local Self-Government places obligations on States parties to the Charter. These obligations are binding as a matter of international law. UK governments' consistent policy is to comply with the UK's international obligations.

If Parliament legislated contrary to the provisions of the Charter the UK would be in breach of its international obligations. If the Government wished to propose legislation that would result in breaching these obligations, it would either first denounce the Charter under Article 17 or ensure the legislation did not come into force until the Charter had been denounced.

If there were a prospect of Parliament passing legislation which would contravene international law, the Government would highlight fully to Parliament the consequences of such a step and would take any necessary action to avoid the UK becoming in breach of its international obligations.

Finally, I would like to take this opportunity to emphasise the work my Department has done with the Department of Health to encourage greater partnership working between local government and NHS organisations.

A significant part of this has been ensuring that health structures and processes are properly aligned with the local performance framework. The legislative framework for Local Area Agreements (LAAs) places a duty on PCTs, NHS trusts and NHS foundation trusts to cooperate with Local Authorities (LAs) and other named statutory partners in determining the targets for their LAA. Further, PCTs, NHS trusts and NHS foundation trusts are required to have regard to the targets they agree during this process. This joint working on target setting is reflected in the fact that 3 of the top 10 indicators selected in the largest number of LAAs are health related – teen age pregnancy, smoking and obesity. For example, 70 percent of areas (106) are aiming to lower teenage conception rates (the second biggest priority in England).

This work is supported by the new assessment and inspection regime, Comprehensive Area Assessment. This is an integrated assessment of outcomes in a local area, including how local partners work together to deliver on priorities for local people.

Meanwhile, the NHS Operating Framework 2009/10 draws specific attention to the importance of PCTs and Trusts working with Local Authorities and other members of the Local Strategic Partnership to develop their area's LAA. It also emphasises that PCT plans should be aligned with Local Area Agreements. This is facilitated by close alignment between the NHS Vital Signs, and the National Indicator Set. Recent information from areas such as North Somerset shows health organisations are working to embed LAA targets into their PCT plans.

This system alignment has been matched by the development of joint appointments and commissioning initiatives between PCTs and LAs. Evaluation of the Local Government Procurement Agenda suggests that 30 percent of local authorities are involved in joint commissioning of health and social care, with 14 percent considering it (although this could include other collaborations than just with the PCT). One example of joint

commissioning is North East Lincolnshire Care Trust Plus. This is a new organisation which commissions all health and social care services within its area, in addition to managing the staff who provide these services to local patients and service users. It is responsible for a combined health and social care budget of £270 million for the 170,000 residents of the Immingham, Grimsby and Cleethorpes area.

I do hope you find this information useful.



HAZEL BLEARS



GREG HANDS MP

Member of Parliament for Hammersmith & Fulham

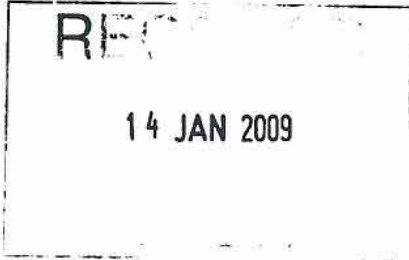
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The Rt. Hon. Hazel Blears MP
Secretary of State for Communities and Local Government
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Our ref: Blears0901
12 January 2009

Dear Hazel,

During your evidence session with the CLG Select Committee earlier today, you mentioned a letter John Healey had sent to Local Authorities, which suggested measures they might take to raise additional funds.

I would be most grateful if you could make a copy of this, and any similar letters, available to me and other members of the committee.

Yours sincerely,

Greg Hands MP
Member of Parliament for Hammersmith and Fulham

Minister	
Subject	
Official	<i>John Healey</i>



The Rt Hon John Healey MP
Minister for Local Government

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To all Local Authority Leaders and
Chief Executive Officers

17 November 2008

Use of the Wellbeing Power: Research, report and further actions

I am writing to let you know about two pieces of work that Communities and Local Government has published today on the use of the 'well-being power'. These are available on the Communities and Local Government website at:

<http://www.communities.gov.uk/localgovernment/localregional/localcommunity/wellbeingpower/>

The University of Birmingham and the University of the West of England are publishing the detailed evaluations that underpin these publications.

The well-being power was introduced in the Local Government Act 2000 to increase local authorities' capability to act to support their areas' economic, social and environmental well-being. It is a wide power of competence and the research shows that local government has made effective and innovative use of the well-being power. However, take-up is still limited with only one in twelve Authorities making use of the power. As the research summary sets out, there is more to be done to make its use more universally considered as a way of achieving objectives set out in areas' Sustainable Community Strategies and Local Area Agreements.

I see the Power as a useful tool for Local Authorities especially in the current economic downturn, when our priorities are to keep people in their homes, in jobs and in cohesive communities. Local Authorities can use it to quickly respond to changing circumstances and cut through bureaucracy to help people when they need it most.

I want to encourage greater use, so following the recommendations we will:

- Take steps to improve understanding and use of the power, which I hope local government will help with.
- Respond to all section 5 requests within 20 days with our initial conclusions, and encourage greater use of this opportunity for local government to seek repeal or amendment of legislation that creates barriers for the effective use of the well being power.
- Promote the understanding advice of well being powers among LSPs and LAA partner organisations, again I hope with support from local government.

- Work with NALC to enable eligible town and parish councils to make full use of the well being power when they have the new opportunity to do so in the new year.

There are also recommendations for local government. Many of these relate to raising awareness and take-up, and I would encourage you to support this activity within your council.

A handwritten signature in black ink, appearing to read 'J Healey', with a horizontal line underneath.

JOHN HEALEY MP

EXPLANATORY MEMORANDUM ON A COUNCIL OF EUROPE CONVENTION ON LOCAL SELF-GOVERNMENT

Title of Treaty

The European Charter of Local Self-Government.

Command Paper Number:..3884

Subject Matter

1. The purpose of the Charter is to lay down basic standards protecting democratically elected local government within the constitutional or legal framework of member states of the Council of Europe. The Charter was opened for signature as a convention on 15 October 1985 and was signed on behalf of the United Kingdom Government on 3 June 1997.

2. The Charter is in three parts. Part I contains the operative provisions relating to local selfgovernment to which signatories to the Charter agree to be bound. It specifies the need for a legal or constitutional foundation for local self-government (Article 2), defines "local self-government" as the right of loyal authorities to "manage a substantial share of public affairs under their own responsibility" (Article 3), and establishes (Article 4) the principles governing the nature and scope of local authorities' powers. i

3. Further articles in Part I are concerned with: protecting the boundaries of local authorities (Article 5); ensuring that they are able to determine their own administrative structures and recruit

competent staff (Article 6); defining conditions for holding local elective office (Article 7); ensuring that supervision by higher level or controlling authorities of the activities of local authorities is not disproportionate (Article 8); and, within the constraints of national economic policy, ensuring that local authorities have adequate financial resources at their disposal on terms

which are commensurate with their responsibilities under the law (Article 9). The remaining provisions in Part I cover the right of local authorities to co-operate and form associations (Article 10) and the protection of local self-government by the right of recourse to a judicial remedy (Article 11).

4. Part II contains miscellaneous provisions relating to the scope of the undertakings entered into by the parties. Parties undertake to be bound by at least twenty of the thirty paragraphs which make up the Articles of Part I (ten of which must be chosen from fourteen specified paragraphs) but can agree to be bound by additional paragraphs after ratification (Article 12). On ratification a Party can specify the categories of local authorities to which it intends to apply the Charter or the categories to be excluded (Article 13). A Party is also required to supply the Secretary General of the Council Europe with information concerning how it has complied with the Charter (Article 14).

5. Part III contains final provisions consistent with those customarily used in conventions drawn up under the auspices of the Council of Europe: the Charter enters into force three months after ratification by a Party (Article 15); a Party may specify, at the time of ratification, that the Charter will apply to certain of its dependent territories (Article 16); a Party may denounce the Charter five years after the Charter comes into force for it (Article 17); and the Secretary General is required to notify member states of acts such as signature and ratification by member states

(Article 18).

European Union (EU) implications

6. There are no specific EU implications. The Charter relates to matters which are entirely within the competence of member states of the Council of Europe.

Ministerial responsibility

7. The Secretary of State for the Environment, Transport and the Regions takes the lead, in consultation with other relevant UK Ministers, on inter-governmental issues affecting local government. The Secretaries of State for Scotland, Wales and Northern Ireland are respectively responsible for the framework of local government in those countries. However, referenda in Scotland and Wales held in September 1997 have established the demand for a Scottish parliament and a Welsh assembly. Subject to legislation, it is proposed that responsibility for local government should, in future, become a matter which is devolved to those bodies.

Policy implications

(i) General

8. The benefits to the United Kingdom of being a Party to the Charter derive, firstly, from its position as a supporter of the principles of the protection of human rights and of democratic self-government which are fundamental to the purpose of the Council of Europe and, secondly, from the value of local government as providing local democratic leadership to communities and as securing the provision of public services.

9. The importance of local democracy to the promotion of human rights and the preservation of stability in Europe was specifically acknowledged in the final declaration of the last Council of Europe Heads of Governments Summit held in Strasbourg on 10-11 October 1997. The United Kingdom is fully committed to the view expressed in the declaration. Subscribing to the Charter demonstrates the depth and authenticity of that commitment and will strengthen the United Kingdom's advocacy of local democracy in international relations.

10. The UK Government accepts that a wide range of domestic policies - on, for example, education, social services, transport, economic development, environmental protection and law and order - can only be properly developed and implemented in close partnership with local government. The Charter enshrines basic principles already reflected in the United Kingdom system of local democracy which the Government intends to develop and reinforce. Subscribing to the Charter strengthens the Government's partnership with local government and will enable key domestic policies to be developed and implemented more effectively.

11. By subscribing to the Charter, the United Kingdom is bound to apply the standards prescribed in the Charter to its own system of local government. The standards are compatible with the existing and developing system of local government in the United Kingdom.

(ii) Financial

12. There are no financial implications of subscribing to the Charter since, as already stated,

the United Kingdom system of local government is already compatible with its provisions.

(iii) Reservations and declarations

13. For the reasons given above in relation to the existing compatibility of the United Kingdom system of local government with the principles of the Charter, the United Kingdom proposes to undertake in subscribing to the Charter to be bound by all of its provisions, without recourse to the provision in Article 12 for subscribing only to certain of its provisions.

14. As regards the provision in Article 13 in relation to the categories of authorities to which the Charter applies, the relevant categories of local authorities in the United Kingdom to which it is proposed to apply the Charter are: in England, all county councils, district borough councils, London borough councils and the Council of the Isles of Scilly; in Wales, all county councils and county borough councils; and, in Scotland, all councils constituted under section 2 of the Local Government (Scotland) Act 1994.

15. Accordingly, it is not proposed to apply the Charter to parish and community councils in the United Kingdom, given their limited statutory powers and role in relation to local service delivery, or to the Common Council of the City of London, given its unique and distinctive organisational and electoral arrangements. Moreover, it is, and always has been, the understanding of the United Kingdom that the term 'local authority' in the Charter does not include local or regional bodies such as police authorities which, by reason of the specialist functions for which they are responsible, are composed of both elected and appointed members.

16. For the time being, it is also proposed not to apply the Charter to district councils in Northern Ireland, given the lesser range of functions currently assigned to local authorities in that country compared with the rest of the United Kingdom. The Government reserves the right, however, to apply the Charter to local authorities in Northern Ireland in the light of future constitutional and political developments.

17. In view of the limited role of local government in those territories, it is not proposed that the Charter should (under the provisions of Article 16) apply to any of the United Kingdom's dependent territories.

Implementation

18. No amendments to United Kingdom law are necessary to ensure compliance with the Charter. It is the Government's intention that any future legislation affecting local government should further strengthen the degree of compliance with aspects of the Charter and ensure continued compatibility with its provisions.

Consultations

19. There have been wide-ranging discussions on the significance and relevance of the Charter to the United Kingdom since it was opened for signature in 1985. Local government, in particular, has made clear its strong support for the Charter as a basic text setting out the principles of local democracy and the role of local government in member states of the Council of Europe. The Report of the all-party House of Lords Select Committee on Relations

"would provide a clear signal by central government that it recognises the value of local government". Responses to the Government's signature of the Charter on 3 June 1997 were entirely favourable.

20. The document, "A Framework for Partnership", signed by the Deputy Prime Minister and the Chairman of the Local Government Association on 3 November 1997 and setting out the basis of the relationship between central and local government in England, specified that the Government intends to ratify the Charter "in recognition of the independent legitimacy of local government". A similar but separate document is planned for Wales. The Independent Commission on Local Government and the Scottish Parliament will be studying how to develop the role of strong local government in Scotland.



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