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## **Double-devolution or double-dealing? The local government white paper and the Lyons review**

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## **Abstract**

New Labour's third White Paper promised the revitalization of local government after ten years of control freakery. It does not, however, live up to the promise of a 'new localism' (Stoker and Wilson, 2004). The tenor of the paper is moralizing and prescriptive, claims to a new approach belied by the Government's negative response to Lyons. Proposals for reform are ambiguous, offering no guarantees against back-door centralisation. Such cause as there may be for optimism largely depends on the capacity of localities to take the initiative. A fundamental debate about the role of local government, local democracy and the relationship between centre and locality is therefore still needed. Given the preponderance of path dependencies, strategic dilemmas and structural constraints upon the centre, the demand for local democracy will have to be initiated, voiced and organised by local citizens and councillors themselves.

## **Introduction**

In 1997, New Labour proclaimed a new era for local government. Recognising that it had been eviscerated by the Tories, the new government announced a central-local partnership and established an institution of that name under the 1997 ‘Framework for Partnership’ agreement.<sup>1</sup> The first White Paper (DETR, 1998), warning local government to rise to the challenge of modernisation, nevertheless adopted the tone of partnership. It was welcomed by the Local Government Association as a move away from ‘a centralised and over-prescriptive approach’.<sup>2</sup> Even Blair’s notorious threat to sweep aside local authorities unwilling to ‘deliver the policies for which this government was elected’ (1998: 22) did not quell optimism about the revival of local government. Lowndes commented: ‘[i]n contrast to the Conservatives’ attempted “managerialisation” of local politics, Labour sees local democracy as the normative *raison d’être* for local government’.(2001: 1966).

With the publication of a second White Paper (DTLR, 2001), however, the Secretary of State for Transport, Local Government and the Regions, Stephen Byers, effectively conceded that centralizing trends under the Conservatives had persisted. He re-iterated the 1997 pledge to revive local government:

I want to tackle the trend towards excessive central prescription and interference, which dominated central local relations in the 1980s and 90s. We are reversing that approach. The White Paper marks a pronounced step away from centralisation. It is about increased freedoms, better incentives, and a significant reduction in the number of controls, consent requirements, plans and over-elaborate guidance which

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<sup>1</sup> <http://www.communities.gov.uk/index.asp?id=1133649>. Accessed 5<sup>th</sup> April 2007.

<sup>2</sup> <http://www.lga.gov.uk/lga/blg/lgcommentary.htm>. Accessed 5<sup>th</sup> April, 2007.

have been all too characteristic of the top-down approach to local government. It is truly about local government. It is a significant shift away from local administration. Based on a belief that we don't need to control everything, and a recognition that local authorities are often in the best position to respond to local needs and aspirations (DTLR, December 2001).

Reviewing this second New Labour White Paper, however, Lowndes (2002: 136) detected not a ‘pronounced step away from centralisation’, but a ‘new centralism’; the intensification of managerialism at the expense of local democracy, artfully disguised in democratic language (2002: 144). If anything, the government’s second term turned out to be more centralizing than the first, with the growth of coercive performance management through the CPA and the seeming subordination of ‘community led’ partnerships to ever closer audit and micro-management. As Wright *et al* put it in a scathing evaluation of the flagship New Deal for Communities programme (2006: 347), ‘if NDC is a community-led programme, it is community led in the sense that government decides how the community will be involved, why they will be involved, what they will do and how they will do it’. This was the tenor of many commentaries about central-local relations in the period before New Labour’s third White Paper (Copus, 2006; Davies, 2005; Geddes, 2006).

Following David Miliband’s brief tenure, Ruth Kelly’s White Paper proclaimed a third new dawn for localism. The new localist motto, ‘mobilising self-sustaining systems of improvement’, reflects a growing recognition that the centre cannot micro-manage public services (Benington, 2006: 11). Kelly’s preface argues, in the same vein as Byers, that improvements in public services over the past 10 years have been ‘driven largely from the

centre', but that this approach cannot continue: 'we must have the courage at the centre to let go' because the challenges facing the country are too complex for 'all solutions to be imposed from the centre' (DCLG, 2006: 4).

Complementing the localist mood, the final report of the Lyons Inquiry into local government was published on 21<sup>st</sup> March 2007. The Inquiry was established in July 2004 to examine changes in the local government system, the reform of council tax and additional revenue raising powers. It was extended in September 2005 to consider the fundamental role and function of local government. It was briefly extended again in December 2006 to encompass the implications of other inquiries on planning, skills and transport. Lyons, published five months after the White Paper, re-enforced the localist message accentuating the 'place-shaping role of local authorities and calling for less central control; ideas hinging on financial reforms such as the de-nationalization of the business rate and the extension of council tax bandings. But Lyons sounded a cautionary note (2007: i):

No one should underestimate the sustained effort which will be required to achieve a real shift in the balance of influence between centre and locality. The history of the last 30 years is marked by a series of well-intentioned devolution initiatives, which have often evolved into subtle instruments of control. But it is an effort worth making.

To what extent, then, does the White Paper signal a retreat from what Travers (30.3.2007) calls the 'powerful and ruthlessly centralized government' tradition? And can local government grasp such opportunity as the current climate affords to carve out a new,

vibrant and perhaps even dissenting political role? Or will a fourth New Labour white paper again begin with an apology for the control-freakery of the third term? The prognosis offered here is that with change at the margin, the white paper signifies continuity with the approach of the past decade. The devolutionary promise remains unfulfilled. The paper concludes with three potential explanations for this failure, arguing that the outlook for devolution from the centre is poor. Any future revitalization of local government will depend in the first instance on local actors of various hues exploiting opportunities and creating a permissive environment from the bottom up.

### **The devolutionary climate**

Evaluating the White Paper demands a clear sense of what the purpose of local government should be. On a continuum of strong-weak local government, Nicholas Ridley's 'enabling' role is at one end with local authorities meeting only to award service contracts (Coulson, 2004: 471). At the other end is radical localism entailing the constitutional separation of powers. Here, local government would have a wide remit to determine the means and ends of governing, powers which would themselves act as a check on the centre. Much of the local government literature sits between these extremes. Walker (2002) errs on the side of centralism, claiming that strong government serves the cause of equity, but most leading commentators (Lowndes and Wilson, 2003; Stewart, 2003; Stoker and Wilson, 2004; Pratchett and Leach, 2004; and Copus, 2006) err to a greater or lesser extent toward the case for enhanced localism. The balance of opinion is that the devolution of political power to local government and localities is long overdue; not only because centralisation is inefficient but also because it damages democracy. According to the Power Inquiry, discussing Britain's democratic deficit, thousands of ordinary people

... feel quietly angry or depressed. When it comes to politics they feel they are eating stones. Principle and ideas seem to have been replaced with managerialism and public relations. It is as though Proctor and Gamble or Abbey National are running the country' (The Power Inquiry, 2006: foreword, 9).

For Power, the 'overwhelmingly dominant' position of central government is a key part of the explanation for such alienation. 'One of the strongest aspects of the evidence received by the Inquiry is the extent to which the dilution of the powers of local government has had a major impact on engagement with formal democracy'. Consequently, Power recommends that: '[t]here should be an unambiguous process of decentralisation of powers from central to local government'; there should be a 'concordat ... drawn up between central and local government setting out their respective powers', local government should have enhanced powers to raise taxes and 'administer its own finances' and 'democracy hubs' should be established to help citizens navigate the local democratic system (The Power Inquiry, 2006: 22-25).

Sensitive to this mood and recognising in recent years that centralization does not necessarily secure control (Davies, 2005, 2007), the government has renewed its devolutionary rhetoric, drawing on the language of new localism, double-devolution (briefly during David Miliband's tenure at ODPM) and Lyons' place-shaping agenda. Against this backdrop, the White Paper, the *Local government and public involvement in health bill* and the Government's response to Lyons should be judged primarily against devolutionary criteria; have the

political powers and capabilities of local authorities been enhanced and does the centre shows any sign of abandoning the deeply embedded culture of control-freakery?

### **All change but no change**

Set against robust devolutionary criteria, the government's proposals and its reaction to Lyons are very disappointing, following the trajectory evident since notions of 'constrained discretion' and 'earned autonomy' became fashionable during the government's second term (Pratchett, 2004). There has been no paradigm shift in central-local relations and this White Paper does not signify a political renaissance for local government or indeed for 'localism', defined as community led governance (Stoker, 2004, 2005).

The document is suffused in the breathless 'change' narrative characteristic of the Government's globalization mania, interpolated with exhortations on the majority of local authorities to catch up with 'the best', who are 'already' doing it in response to what the government has 'already' done. During the last decade 'the world has moved on apace. The speed of change, often driven by global forces, can be startling ...' (DCLG, 2006: 154). Or, '...such is the pace of change that we cannot afford to be complacent' (2006: 25). In response, 'the best' local authorities are 'already' delivering transformed services, but 'we need to increase the pace of change' (2006: 26). Under the new inspection regime, comprehensive area assessment, local authorities will be judged on the 'pace of improvement' (2006: 126). The trade-off for any reduction in national targets is that 'the pace of public service improvements will quicken' (2006: 117). Thus, the world is changing, people are changing and local government needs to change, emulating 'the best' in the sector, which is 'already' changing but must nevertheless change again and change

continuously. The word ‘change’ appears 105 times in Kelly’s White Paper, 75 times in *Modern Local Government* (DETR, 1998) and a mere 30 in *Strong Local Leadership* (DTLR, 2001). After three white papers and ten years of New Labour reform, change in local government seems more urgent than ever and the message is clear. The government may now expect ‘improvement’ to be driven locally, but frantic (supposedly ‘sustainable’) ‘change’ is non-negotiable. Moreover, the direction of change is heavily prescribed. Services must be increasingly ‘personalized’ in an ever wider ‘partnership’ with the private sector. Councils

...will have to challenge traditional methods of delivery, root out waste, keep all council activity under review and work with other public bodies to share assets, systems, data, skills and knowledge more effectively. ... Ambitious efficiency gains will therefore be required as part of the 2007 Comprehensive Spending Review’ (DCLG, 2006: 12).

This proselytizing style sets in stone the political agenda for local government. It offers no space for dissidence, the central measure of political freedom. Any local authority basing its ‘place-making’ strategy on the belief that continuous change is damaging and unsustainable, that the incursion of the market into public services has been disastrous, or that the government’s efficiency drive has emasculated the public sphere (Marquand, 2004) can expect ‘directive action’ and the ‘removal of functions’ (DCLG, 2006: 130-131).

But this frenetic change narrative is a stark contrast with the glacial pace of change in central government itself. Having twice extended the Lyons review, the government buried the

launch of Sir Michael's report on budget day, 21<sup>st</sup> March 2007, along with his key recommendations. According to the Guardian (Leader, 22.3.2007):

Already ministerial sources have been briefing that they prefer to 'let sleeping dogs lie' rather than make any bold reforms. Sir Michael's suggestions are hardly audacious, but even they are likely to be buried. Yet this report was commissioned by a government that has long championed localism and the need for greater local autonomy. In practice, it appears unwilling to muster the political courage to do anything about it.

Responding to Lyons at the post-report conference, Local Government Minister Phil Woolas (28.3.2007) duly delivered the government's rebuff. Cautiously progressive proposals to extend council tax bandings upward above band H and downward below band A were dismissed along with the long awaited Council Tax property revaluation. Lyons' recommendation for the de-nationalization of the business rate was also rejected. He noted that since the national business rates system was introduced, the proportion of local government revenues funded by business has fallen from 29% to 20% in 2006-7 (2007: 28). The Guardian (Leader, 22.3.2007) claimed that if the business contribution were to rise to its 1990 level it would take £250 on average out of Council Tax bills. Woolas conceded that the proposed local supplementary levy on business rates might be a good idea 'subject to wide acceptability among rate payers'. But he dismissed the recommendation that capping should be abolished, arguing that government 'does not consider that its powers to cap council tax increases necessarily need to be seen as weakening the freedom and accountability of local government to its electorate' (DCLG, 21.3.2007).

Woolas sugared these snubs by claiming agreement with what he took to be Lyons' overarching message; '... the government agrees that council tax is not broken ... we agree with Sir Michael's conclusion that business rates are a successful and stable property tax ...while I agree that business rates are a successful and stable tax ...'. He thus claims that the report is in sync with the government's agenda, while rejecting every significant proposal; a textbook example of political spin.

Commenting on the Government's response to Lyons, Travers lamented its 'comprehensive lack of nerve' (30.3.2007), arguing that the freedom for local authorities to raise resources and determine their use is of constitutional importance. Addressing the CBI a few weeks later, however, Woolas insisted that speculation about the inability of central government to 'deliver its side of the bargain' was ill founded (DCLG, 14.5.2007). He reiterated that the government's 'whole agenda' is about local authorities and partners 'stepping forward'. But he reiterated the status quo on capping, arguing that while the Council Tax is primarily the remit of local authorities, 'they need to exercise this responsibly' (Woolas, 4.5.2007).<sup>3</sup> Used or not, capping remains a powerful emblem of the centralizing tradition and perhaps the most potent symbol of continuity with the Thatcher era and the evisceration of local government. Until government relinquishes its veto over local taxation, claims that it is willing to 'let go' must be viewed with profound skepticism. With Lyons' modest proposals blocked, the system of finance upon which the power of any government depends will remain fundamentally unchanged well into any fourth New Labour term. And, judging by

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<sup>3</sup> Woolas, 4.5.2007 accessed from [http://www.publicfinance.co.uk/search\\_details.cfm?News\\_id=30489&keysearch=woolas](http://www.publicfinance.co.uk/search_details.cfm?News_id=30489&keysearch=woolas) on 29<sup>th</sup> May 2007.

the attitude of the Conservative party to taxation little will change under a government led by David Cameron.

But what of the specific proposals in the White Paper, making their way through Parliament in the *Local Government and Public Involvement in Health Bill* (House of Commons, 2006)? Here, the picture is one of continuing political control freakery combined with greater managerial flexibility. But there is also ambiguity and perhaps space for localities to interpret certain proposals in more or less radical ways, but always within the constraints of a local governing agenda determined nationally.

### **Local authorities as place-shapers**

Lyons argues that place-shaping entails a ‘wider strategic role for local government’ making ‘creative use of powers and influence to promote the general well-being of a community and its citizens’ (2007: 3).<sup>4</sup> The White Paper enthusiastically takes up place-shaping as the guiding principle for reform and the government set out the guiding principles of reform in its explanation of the Bill:

It introduces measures designed to: (1) empower communities, such as devolving power to create parishes (and other forms of community governance) to principal authorities, and introducing a community call for action; (2) make local government more effective and accountable through, for example, revised leadership and electoral arrangements, provision for restructuring in two-tier areas and a move to a

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<sup>4</sup> The Centre for Cities (14.3.2006) argues that ‘place-shaping’ should be defined as the power to tailor funding streams to local purposes, a commitment to asymmetric devolution depending on the character of a locality, recognition that place is not constrained by local authority boundaries, devolved spending powers, access to new revenue sources and greater policy autonomy.

more locally-based standards regime; (3) strengthen the community leadership role of councils; and (4) simplify the performance framework and reduce the burden of inspection on councils (House of Commons, 2007: 1).

The discussion now turns to the government's proposals in relation to each of these themes.

### *Empowering communities*

The Community Call for Action (CCfA) was one of the eagerly anticipated proposals in the White Paper. Originally conceived as a mechanism to make local authorities more responsive to public demands, it would be more accurate in its current guise to call it the 'Councillor Call for Action'. The Bill packages it as a mechanism enabling councillors to make representations on behalf of their communities – a filtering mechanism designed to screen out frivolous and unrealistic demands from the public and the 'usual suspects'. The CCfA is seen as an 'avenue of last resort rather than a mainstream way of doing business' (House of Commons, 2007: 54). The Bill 'mainstreams' the CCfA model established for crime and disorder. Under this system, councillors will be expected to be the eyes and ears of their communities. As the White Paper put it, the public will receive 'more information about service standards and be able to turn to their local councillor' and 'demand an answer to their questions' (DCLG, 2006: 8). In the first instance, councillors are expected to raise issues (pertaining only to their wards, not the council as a whole) with relevant cabinet members and officers. If unsatisfied, they can refer the issue to overview and scrutiny committees (DCLG, 2006: 37). Committees obliged to consider the matter 'may' then make recommendations and, under enhancements to the overview and scrutiny process discussed below, 'relevant public bodies would be required to respond to the committee's

recommendations ...They could respond positively or negatively, but their responses will be publicised' (House of Commons, 2007: 55).

The White Paper also encourages local authorities to delegate 'small budgets' to Councillors to deal with problems that might otherwise escalate through the CCfA (DCLG, 2006: 5).

This process gives backbench councillors a little additional spending power. But 'community empowerment' is a misnomer for a process only to be used infrequently, initiated by councillors and which may or may not lead to action – with overview and scrutiny committees acting as 'gatekeepers' not tribunes (House of Commons, 2007: 58).

Nevertheless, the CCfA is ambiguous and there is scope for interpretation. The tenor of the White Paper is that it should be a mechanism for consumers of public services to send market signals to councils. But it need not be so limited. Councillors could, if minded, use it as a vehicle to initiate public debate, for example about the merits and de-merits of privatizing housing stock or the problem of rising inequalities and child poverty. Rather than merely conveying an aggregate of public opinions, it could be a mechanism for enhanced public discourse, led by local councillors. The 'community call for action' could even be institutionalized as a deliberative forum at the ward level, or below. Certainly, there is nothing in the legislation to prohibit this. This suggestion chimes both with Power's suggestion for 'democracy hubs' and the sharp distinction drawn by the Inquiry between responsiveness to consumers and democracy:

... individual decisions made on behalf of oneself and one's family cannot substitute for mass deliberation in the public realm – which is an absolutely crucial process in a

democratic and open society. We have different views individually on the rights or wrongs of greater user choice . Indeed, such deliberation often arises from the need to develop a policy response to the aggregated consequences of individual choices. It cannot be assumed that a ‘do what works’ policy for local government and public services will necessarily guarantee democracy and engagement (The Power Inquiry, 2006: 159).

Lyons writes of a ‘pressing need to inspire a sense of powerfulness in local government’ (2007: ii). Councillors taking up Power’s challenge would seek to ensure that the CCfA becomes a vehicle for reviving local politics and not a consumerist damp squib. This argument applies in equal measure to other initiatives including Local Involvement Networks for public engagement in the NHS and social services, to be established under local authority management. Parishes eligible for ‘quality parish’ status under an accreditation scheme run by the National Association of Local Councils (DCLG, 2006: 43) will be awarded the power of well-being and local authorities will be delegated the power to create parishes (2006: 8). This power to create parishes may also create space for local authorities to inspire new democratic practices at the sub-local level. However, it is unclear of what value the ‘power of wellbeing’ will be to ‘quality parishes’ without the requisite resources to act, or indeed why in a devolutionary climate it should not be given to all parishes, ‘quality’ or not (House of Commons, 2007: 41).

The government is also proposing a ‘best value’ duty on local authorities to ‘secure local participation in service design and delivery’ (House of Commons, 2007: 62), entailing steps to inform citizens about service performance, consult them on the shape of services and

involve them in service design, delivery and assessment (2007: 64). These duties might be carried out in the technocratic ‘what works’ spirit lamented by Power, or in the spirit of reflective critique, where the purpose, goals, design and delivery of public services are all open to debate. Therefore, only time will tell what these reforms amount to as a vehicle for the revival of political localism and whether, for example, they conform to the principles of associational democracy advocated by Stoker and Wilson (2004: 252-263).

### *Effectiveness and performance*

If the community empowerment credentials of the White Paper are tenuous and to some extent up for grabs, how far is the government prepared to loosen the strings in the performance management arena? The implications of some proposals are not entirely clear, but overall the impression is that localities may have a little more managerial discretion with the putative reduction of targets, financial flexibility and the streamlining of the inspection regime, henceforth to be called ‘comprehensive area assessment’.

The need for a reduction in government supervision is a major theme for Lyons’ place-shaping agenda. He argues that the ‘weight of central controls’ can lead to local choice being ‘crowded out’ and to the misallocation of resources away from local priorities thereby reducing public satisfaction. ‘It can also crowd out place-shaping, reducing the role of local government to a set of silo-based service activities’, ‘stifling innovation’ (2007: 5). Woolas’s (28.3.2007) response conceded that the number of central targets and directions limit ‘local government’s accountability to citizens and its ability to work creatively, flexibly and with innovation’.

The government proposes several reforms to enhance managerial flexibility. The Bill removes the duty on local authorities to write best value performance plans and carry out best value reviews (House of Commons, 2007: 65). The White Paper commits the government to a ‘massive’ reduction in the number of targets imposed on localities (DCLG, 2006: 2). It is vague about how many targets localities currently report on, estimating 600 to 1200 (2006: 122) but acknowledges that 80% of local government reporting is to the centre and only 20% to citizens (2006: 117). The government pledged to reduce reporting by establishing a single set of ‘about 200 national outcome indicators covering everything from climate change to teenage pregnancy’ (2006: 20), which it has done by publishing a single set of 198 (DCLG, October 2007). Local Area Agreements (LAAs), delivery partnerships between central government, local government and local stakeholders, will contain around 35 additional priorities for ‘improvement locally’ (House of Commons, 2007: 13). But, these 35 priorities must relate to the national indicator set although others may be set by local authorities in partnership with their stakeholders. The sting in the tail is that the Bill includes a power of ‘designation’; the power for the Secretary of State to take any target set locally and make it compulsory, provided that this is done within one month of approving the draft LAA (House of Commons, 2006: 55). Canny local authorities might take this as a cue not to set any targets over and above the required 35. However, the Secretary of State retains the power not only to designate targets, but to require local authorities to submit revised LAA proposals, seemingly at any time (2006: 56-7).

It therefore remains to be seen whether a smaller number of national indicators might not turn out to be more encompassing, or indeed whether new targets might not be re-imposed by the back door through the designation system. Lyons comments that new central

government priorities, emerging between agreements, should be incorporated on a ‘strictly “one in, one out” basis in order to avoid gradual re-growth of central control’ (2007: 11).

But, the fact that the Bill proposes no statutory limit on the number of targets, suggests that government is keeping its options open. Here, vagueness is unlikely to work in favour of devolution and the Bill does not inspire confidence. It remains unclear to what extent the government will deliver its side of the bargain.

The White Paper also proposed a new system of inspection called ‘comprehensive area assessment’. This, it argued, will be a more ‘proportionate risk-based regime which will cut bureaucracy and allow more targeted support or intervention when things go wrong’ (DCLG, 2006: 2). There is no mention of CAA in the Bill, but the White Paper states that it will be introduced in 2009 and anticipates that it will lead to the reduction of inspectorate funding by one third, implying a reduction in inspection (2006: 125). Local authorities will be assessed against an annual risk judgment, scored ‘direction of travel’ and ‘use of resources’ judgments and judgment from any inspection activity triggered by the risk assessment (2006: 126). The White Paper sets out mechanisms available to the secretary of state in the event of ‘under-performance’ including: targeted inspections triggered by negative risk assessments, improvement notices, ‘directive action’ and ultimately, where direction fails to secure improvement, the ‘removal of functions’ (2006: 130-1). Existing proposals offer no guarantee that the new system will not end up instituting even more demanding inspections, particularly if local government does not live up to the express change and improvement agenda. Given past experience and the persistence of a strong centralising culture, the risk is that if good intentions are not codified they will not be put

into practice. If they are codified and implemented, they may be eroded. Proposals for enhanced local leadership and partnership working amplify these concerns.

*Strengthening local leadership and partnership working*

There are four major areas where government is proposing to enhance local leadership and partnership working with a view to strengthening the ‘place-shaping’ role of local authorities: local area agreements, overview and scrutiny, political governance arrangements and unitary local government. Each merits discussion.

While concerns persist about national targets, local authorities are to be given an enhanced place-shaping role through LAAs. Top-tier authorities will be duty bound to prepare an agreement in consultation with government and other named stakeholders, including public agencies required to cooperate with them in setting targets and to ‘have regard for every local improvement target when exercising its functions’ (House of Commons, 2007: 50).

Overview and scrutiny committees will be empowered to examine the performance of partners delivering LAA targets and to make recommendations, which service providers must ‘have regard’ to, provided they relate to that partner’s commitments (DCLG, 2006: 59).

Government sees the LAA as pivotal to the ‘new deal with local government’, enhancing the local strategic leadership role and financial flexibility (DCLG, 14.5.2007). Again, however, the proposals are ambiguous. Local government has no power to enforce the duty to cooperate and, as the New Local Government Network comments, the test will be what happens when agencies set diverging priorities or goals, or are bound by incongruent targets (see House of Commons, 2007: 51). Moreover, an agency required to ‘have regard’ for a

target or recommendation is obliged merely to consider it and may then dismiss it. If it does not consider it, local authorities have no powers of enforcement; these still rest with the centre which, as noted above, may set and designate any target it wants.

A recent DCLG report (October, 2006) on early LAA pilots found evidence of an increase in shared priorities with partners thinking more ‘holistically’, generating improvements in performance management and budgeting - although this had not translated into efficiency gains. However, it also found variable enthusiasm for LAAs among central government departments. Some were supportive and others worried about the effects of light touch control on their ability to deliver via localities. Localities also reported difficulties in obtaining flexibility from the centre. Civil servants in turn acknowledged ‘how hard it has been to achieve change at the centre’ (October, 2006: 11). It therefore remains questionable how far the new system of targets and duties on partners will enhance the place-shaping capabilities of local authorities. Much depends on the centre being capable of letting go.

Similar place-shaping powers are proposed for local authorities through the overview and scrutiny process. Introduced in 2000, overview and scrutiny was designed for backbench councillors to hold the Executive to account (Ashworth and Snape, 2004). The White Paper proposes enhanced powers for local government to scrutinize other agencies. As noted above, scrutiny committees will be empowered to report and make recommendations on CCfA referrals and on the performance of partners against LAA targets, to which partner agencies are once again required to ‘have regard’. In pursuit of either function, they will be able to require public service providers to supply information to the committee within 20 days, ‘insofar as their actions relate to functions or service delivery connected with the

authority' (House of Commons, 2007: 53). Councils will be required to consider and publish their response to overview and scrutiny recommendations within two months, giving notice of action 'if any' to be taken (2007: 56).

At best, this new system will add weight to the influence of backbench councillors vis a vis the Executive and to the local authority vis a vis its partners. But it adds nothing to 'hard' power, the local democratic control of public action, in either case. Again, enforcement remains the prerogative of the Centre. The effectiveness of these proposals will therefore depend more on how much tacit authority the scrutiny system gradually accumulates than on formal powers. Worryingly, the passages in the Bill which deal with overview and scrutiny re-enforce the micro-management culture. There are several places where matters better left to common sense are to be codified. In relation to the CCfA the scrutiny committee 'must provide the member with a copy of any report or recommendations which it makes to the authority or the executive under section 21(2) in relation to the matter' (House of Commons, 2006: 60). It must replace exempt or confidential sections of reports if not doing so makes them 'misleading' or not 'reasonably comprehensible' (2006: 64). Such micro-prescriptions are wholly contrary to the philosophy of 'letting go'. They maybe the responsibility of drafting civil servants rather than Ministers, but if so this merely emphasises the vast culture change required at the centre if devolutionary promises are to be kept.

The discussion of LAAs and overview and scrutiny shows that new initiatives are ambiguous and their effect on the place-shaping role of local authorities is hard to predict. But the measures proposed for political governance arrangements and the restructuring of local government are more overtly authoritarian, reinforcing the need for caution about

uncodified powers. There are 13 elected Mayors in the UK, including the Mayor of London. Under the new proposals, local authorities will choose from the indirectly elected leader and cabinet model, a directly elected Mayor or a new directly elected executive, with the Mayor and Council Manager model (adopted only by Stoke on Trent) abolished. In each case, the Leader or Mayor will be presumed to serve a 4 year term of office.

The most controversial proposal is to abolish the requirement for a local referendum to approve either of the direct election models, although residents will still be able to petition for an elected Mayor. This measure strengthens local political leaders. But it remains vulnerable to the old criticism that it will lead to the concentration of power and to a new one, that communities maybe robbed of the power to decide (within limits) how they will be governed; the local authority ‘may’ still choose to hold a referendum, but otherwise they will only be ‘consulted’. Moreover, once direct elections are adopted, there is to be a ‘presumption’ against any move back to the leader and cabinet model (DCLG, 2006: 27), stripping councils of the freedom they currently enjoy to change the system if they wish.

Roy Hattersley commented:

If a local authority wants to hand over its responsibilities to one individual supported by anonymous councillors with emasculated powers, it is now free to do so. Too many referendums produce the wrong result. That decision was, we must hope, the death throes of New Labour's novel definition of local democracy - the right of the people to choose as long as they make the choice that the government wants (cited in House of Commons, 2007: 35-6).

The terminology in the Bill gives further cause for alarm. Local authorities are told to ‘consider the extent to which the proposals, if implemented, would be likely to assist in securing continuous improvement in the way in which the local authority’s functions are exercised, having regard to a combination of economy, efficiency and effectiveness’ (House of Commons, 2006: 25). This technocratic restraint has no place in enabling legislation and it once again evokes the ‘Procter and Gamble’ approach to government disparaged by Power. The words ‘democracy’ and ‘empower’ feature not once in the Bill, whereas ‘efficient’ or ‘efficiency’ features 10 times ‘manage’ 18, ‘improve’ or ‘improvement’ 31 and ‘perform’ 41 times. By comparison, the White Paper mentions ‘democracy’ 18 times, ‘empower’ 37, ‘perform’ 200, ‘transform’ 210 and ‘improve’ 250 times. One does not have to think that this narrative imbalance tells the whole story to fear that technocratic centralism remains deeply embedded in the political culture of the UK Government.

The government, finally, has indicated that it is well disposed toward unitary local government, suggesting that unitary authorities are more effective, accountable and responsive; this despite Lyons’ cautionary note that past experiences of reorganization are a warning about ‘the risks of poorly developed or executed change, and shows that it is by no means a panacea’ (2007: 11). He goes on to argue that two-tier local government has advantages, suggesting that the main challenge is not restructuring but closer working between the tiers (2007: 18). The White Paper, with dramatic understatement, says that local authorities in two-tier areas will ‘be able’ to move to unitary status (DCLG, 2006: 17). The reality is that the government proposes to assume powers to ‘invite or direct local authorities to make proposals for establishing unitary authorities in two-tier areas, and to implement such proposals’ (House of Commons, 2007: 3), albeit for a limited period until

25<sup>th</sup> January 2008 (House of Lords, 2007: 3). Aware of the chaos unleashed by Banham (Leach and Stoker, 1997) and of the vested interests in counties and districts, the Government may well be unwilling to leave the cases it views as important to chance.

But, as Lyons suggests, the premise that unitary authorities necessarily lead to stronger, more efficient local government, and therefore better place-shapers, is flawed. Copus equates the quest for optimum size with the search for the philosopher's stone, arguing that larger authorities and city-regions (about which the White Paper says much, the Bill nothing) will lead to 'larger, more remote and technocratically driven units of local government' (2006: 4). The government's predisposition toward unitary local government adds to the sense that it may quickly revert to route-one centralism. Whatever the merits of unitary local government, the current Bill undercuts the devolutionary premise of the White Paper and the rhetoric of 'double devolution', now buried, which preceded it. It undermines the rights of councils and communities to a say in how they govern, or are governed.

### **Explaining the inertia in central-local relations**

One does not have to be a radical localist to be frustrated at the Government's failure to begin rebalancing the hugely lopsided relationship between centre and locality. The dismissal of Lyons, the moralizing tone of the white paper, the ambiguity of proposals that are only cautiously devolutionary at best and the power grab with respect to reorganization do nothing to dispel the impression that New Labour remains as guilty of 'elite contempt' for local government (Stewart, 2000: 95-6) as predecessors going back to John Stuart Mill (Chandler, forthcoming). A credible, if not overwhelming, case for centralism can be made in terms of public accountability (Stoker, 2004: 190-191), economy of scale (Walker, 2002) or

equalization as in the case of business rates (DCLG, 14.5.2007). But in the context of devolutionary rhetoric, continuing control freakery seems like double-dealing. Why, then, does centralisation persist, despite the repeated devolutionary promises of the Blair years?

One explanation hinted at in the above discussion is path dependency (Lowndes, 2001; Davies, 2004). Lyons (2007: i) questions the capacity of government to break from the age old culture of central control, including ‘elite contempt’, deeply embedded in the institutions and practices of Whitehall. Conversely and for the same reasons, local government has become deeply attuned to subaltern status, what Woolas calls ‘the dependency culture … a legacy of the centralizing measures imposed from Whitehall’ (4.5.2007). Central government maybe reluctant to devolve power but if it did, local government maybe unable to grasp it. Historical constraints of this kind demand what Crouch (2005) calls ‘institutional entrepreneurs’ to break the logjam, navigating and subverting rules and conventions, rendering them untenable or redundant. The Community Call for Action and scrutiny processes are arenas in which local activism of this kind might be practiced.

Another structural explanation lies in the complex relationship between market economies and states. The basic principle of market friendly or neo-liberal governance is that market dynamism should be unleashed and governed only by entrepreneurial, minimal states. Jessop (2002: 454), however, notes that market deregulation in countries like the UK has resulted in a ‘paradoxical’ increase in state intervention. Apologists, he says, claim that after a brief transitional period, the state will retreat to a light-touch supervisory role. Jessop rejects this argument asserting that the strong state is in reality the pre-condition of a ‘free’ economy (Gamble, 1994). Karl Polanyi argued, for example, that ‘free’ markets are a

'utopian chimera'. He identified an irreconcilable contradiction in market capitalism (cited in Marquand, 2004: 42):

Thus even those who wished most ardently to free the state from all unnecessary duties, and whose whole philosophy demanded the restriction of state activities, could not but entrust the self-same state with the new powers, organs, and instruments required for the establishment of laissez-faire.

But why should centralisation be an inevitable by-product of marketisation? Firstly, liberalizing governments are faced with having to overcome the legacy of post-war 'welfarism', still embedded in public and professional attitudes (Park *et al*, 2007). Technocratic managerialism is in part a strategic response to this challenge. Secondly, they have to manage the polarizing and exclusionary impact of deregulation, marked for example by the recent rise in the Gini coefficient measuring income inequality to its highest level since WW2 (Brewer *et al*, 2006) and concomitant upward pressure on public expenditure. Thirdly, neoliberal doctrines demand that more be done by the state with fewer resources, placing downward pressure on public expenditure and requiring robust performance management from government to deter free riders. These factors require the state constantly to intervene, demanding 'change' to manage emerging challenges and simultaneously clamp down on costs. These features make authoritarianism an integral component of liberalisation strategies. The co-dependence of 'free economy and strong state' (Gamble, 1994) maybe philosophically untenable, but it nevertheless affords a powerful explanation for the inability, or unwillingness of the centre to 'let go'. At the coal face of the welfare state, local authorities have been caught up in this centralising dynamic.

Seen this way, centralisation is a corollary of New Labour politics, occurring because rather than in spite of the government's approach. The implication is that autonomous and democratic local government is incompatible with free market paradigms and might only be instituted in a transformed political economy.

At a more mundane level, an explanation can be found in the strategic dilemmas integral to governing. Jessop (2000) argues that governance failure is inevitable, given that in a diverse polity, governments are obliged to pursue incompatible goals. All governments face irreconcilable demands. If New Labour devolves real political power to local authorities, it will result in geographically differentiated governing objectives, mechanisms, standards and performance. Yet, the public demands that government guarantees equity and national standards and holds it responsible for failure in public services, meaning that discretion is possible only at the margins – or in areas of activity not directly related to public service provision (Stoker, 2004: 190-1). If the latter objective is prioritised, devolution is bound to be cautious, limited and incremental – if it happens at all.

These explanations are not exclusive and all may have some purchase on reality, suggesting as they do that the current period is unfavourable to the revival of localism from the top-down. Notwithstanding that some ministers and civil servants believe they *should* devolve power, they face serious constraints and dilemmas. Heavily constrained discretion therefore remains the order of the day and the primary role of the local authority is to deliver the national political agenda. If this analysis is borne out, and unless the Government has a change of heart before the Bill gains Royal Assent, a fourth New Labour White Paper will indeed need to explain the centralising trends of the third term.

## **Conclusion**

If the premise that strong localism is the condition of a vibrant, healthy democracy is right, but present circumstances are unpropitious, what can be done to bring about the long-heralded, never-attained renaissance? Chandler (forthcoming) argues that localists must develop a clear ethical justification for local government, premised on the idea that ‘as individuals should be free to follow their beliefs, provided these do not harm others, then communities with self regarding interests should also be free to pursue their ideas’. He concludes that a strong ethical justification of this kind could ‘establish a much clearer rationale for determining the structure and functions of differing tiers of community within and including the state’ (forthcoming, 34). Chandler’s contribution is timely and a debate on the terms he suggests could be provocative and productive. But, once the ethical basis for strong local government or governance is established, formal and informal institutional mechanisms will be needed to seal the agreed division of labour and protect localities against creeping centralism. For Copus (2006), the culture and traditions of centralism in UK government will not be overcome without a new constitutional settlement, enshrining the rights and powers of local government. To this end, his model of a federalized UK based on strong local government is thought provoking. But even written constitutions can be thwarted in the day to day exercise power, meanings challenged and changing over time.

Where, then might the impetus for reform might come from? Given the structural and strategic pressures on the centre, it seems clear that localities and local authorities will have to bear the burden of re-igniting the debate and mobilizing any localist movement. They must rediscover a ‘sense of powerfulness’ (Lyons, 2007: ii) themselves. Given the

dependency culture of locality on centre and the poor standing of local government among ministers and public alike, this is a tall order. But there is no reason why committed localists cannot raise demands (including egalitarian demands), expose the limits of centralism and agitate in towns and cities using the small spaces and silences in the White Paper to open up a more radical agenda. Doing so may bring them into confrontation with dominant political and economic norms. But this is surely the only strategy presently available to those wanting to ignite a serious debate about the position of local government as an agent of public power in the 21<sup>st</sup> century and to ensure that a future White Paper nurtures vibrant, autonomous and contrarian localities.

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