

# Local Government Association (LGA)

## House of Lords debate on local democracy in the UK

Thursday 28 January 2016



### Key messages

- Devolution within England is the most effective way to create jobs, build homes, strengthen communities, and protect the vulnerable in all parts of the country. There should be a presumption that power is transferred to the level of government closest to the people, unless it can be demonstrated that the activity being delivered nationally will result in better outcomes.
- In September 2015 the Government received 38 devolution bids from cities, towns and counties across the UK. The benefits of devolution must be available to all areas, including county and district councils. As yet no deal has been agreed with a two-tier area.
- The Government has responded to our calls for substantial changes to the way local government is funded. However, there are still significant challenges ahead for councils. Having already made £20 billion worth of savings since 2010, there is limited scope for councils to keep protecting services by making further efficiency savings.
- A vibrant local democracy depends on the diversity of its elected representatives. The LGA's cross-party *Be a Councillor* programme helps to encourage different kinds of people to stand for election so that the electorate get a choice of quality candidates.
- A wider convention on the constitutional settlement is needed to ensure communities have confidence that the power to make decisions that affect their lives rests with the people who live and work among them. This does not need delay progress of legislation currently before Parliament or the devolution deals.

### Background

Devolution within England is the most effective way to create jobs, build homes, strengthen healthy communities and protect the vulnerable in all parts of the country. It will also give communities the faith that their local representatives have real power to change the things that matter to them, in turn increasing democratic participation. The challenge is to ensure that the devolution agenda is carried forward across government departments, including in education and welfare.

We must establish a principle of subsidiarity: the presumption that power is transferred to the level of government closest to the people. There will always be a case for some powers to rest nationally, but this should only happen when there is an explicit demonstration the activity being delivered nationally will result in better outcomes.

Councils face unprecedented funding pressures at a time of rising demand on local services, and widespread devolution supported by fairer funding is essential for the survival of public services and ultimately to boost the national economy by £80 billion.

# Briefing

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## **Devolution for all areas**

In September 2015 the Government received 38 devolution bids from cities, towns and counties across the UK. So far, deals have been agreed with eight areas. No deal has yet been agreed with a two-tier area. We understand that the Government's initial focus had primarily been on city regions with elected mayors, but the benefits of devolution must be available to all areas, including county and district councils. The LGA would encourage the Government to agree deals for a number of non-metropolitan two-tier areas as soon as possible.

Ministers have suggested that mayors may not be mandatory for non-metropolitan areas, but have also stated that Greater Manchester-style devolution deals will only be available for areas with mayors. Non-metropolitan areas should not be prevented from pursuing substantial devolution, if they have a clear proposition for strong governance.

Historically a top-down approach has not worked. People should be free to choose the appropriate model of governance for their community. We urge the Government to reconsider its position on elected mayors as a condition for greater devolution, in order that local and central government can work together to meet our shared ambitions for the people we are here to serve.

## **Future of local government**

The Government has responded to our calls for substantial changes to the way local government is funded, with 100 per cent business rates retention by 2020, the option of multi-year funding settlements, and greater flexibility in setting council tax levels.

The local government finance settlement set out a flat-cash settlement over the next four years. However, there are still significant challenges ahead for councils who will have to make savings sufficient enough to compensate for the additional cost pressures they face. Having already made £20 billion worth of savings since 2010, there is limited scope to keep protecting services through making further efficiency savings. Councils will have to make difficult decisions about the local services they provide.

The reductions announced in the local government finance settlement are front loaded. The pressures fall differentially on councils as do the proposals for the distribution of the reduction in Revenue Support Grant, which now takes into account councils' ability to raise council tax based on 2015/16 levels. Some councils are facing reductions in 2016/17 that are significantly higher than they had been planning for as a result of the change in the way that the funding reduction has been allocated.

There will be no additional funding for social care through the Better Care Fund in 2016/2017 and only £105 million in 2017/2018. This, together with the incremental nature of the council tax precept policy, means a further two years of significant pressures on a system that is already under strain. The Government has been clear in its intention to address social care pressures, yet in 2016/17 the spending power of councils with social care responsibilities will fall by 3.2 per cent at a time when they are facing rising need and the cost of the national living wage.

## ***Be a Councillor***

Increasing the talent pool from which councillors are elected is a key task for local government. Local government benefits from councillors with life

experiences that reflect the experiences of the local community. At a time when councils are being asked to work in new and innovative ways, councillors can offer a fresh insight into the challenges facing councils. That resource of experience and knowledge should not be overlooked.

The LGA's cross-party [Be a Councillor](#) programme helps to recruit different kinds of people willing to stand for election so that the electorate get a choice of quality candidates: councillors who are capable, have a commitment to local people and a passion for change. It also supports those people looking to stand as an independent candidate, or those who are looking to stand for a smaller party.

*Be a Councillor* includes tailored support to ensure more people with disabilities have the opportunity to become councillors and localised programmes with public information stands, online interactive tools, training and development sessions.

### **Constitutional settlement**

It is clear that people want more decisions that affect their lives to be made by people who live and work among them. A poll by ComRes for the BBC found that over 80 per cent of people in England support greater devolution to local areas. For communities to have faith that the local representatives that they elect have real powers to enact their wishes, the legal position of local government needs to be enhanced and secured.

The four local government associations of the UK – the LGA, COSLA, WLGA and NILGA – have together called for a convention to debate and agree a constitutional settlement for England, Scotland, Wales and Northern Ireland. The convention's remit should include devolution of responsibility for public services and fiscal powers to local government. We see no reason why this should delay the legislation currently before Parliament or further devolution deals for local government.

The LGA also supports the work of the [Inquiry into Better Devolution for the Whole UK](#), chaired by Lord Kerslake, to carefully consider how to bring long-lasting and coherent constitutional renewal. The inquiry will report in March 2016.