

The Lyons Inquiry into Local Government: from here to December

Sir Michael Lyons

LGA Conference, 5 July 2006

LYONS INQUIRY
into Local Government

The Inquiry's remit

- Original remit: funding
- New remit: role and function (and funding)
 - Consider changing **strategic role** of local government in the context of national and local priorities for local services; and implications for accountability;
 - Review how **devolution and decentralisation**, together with changes in decision making and funding, could improve local services, their responsiveness to users, and efficiency;
 - Consider changes which help to **manage pressures** on local services

Vision and objectives:

The world we want to live in

- We want a **sustainable** and **fair system** of central and local government for the 21st century, which helps achieve:
 - A more **prosperous society**
 - A more **cohesive** and **engaged society**
 - Better **outcomes from public services**

May report

- *'National Prosperity, Local Choice and Civic Engagement – a new partnership between central and local government for the 21st century'*
- Greater local choice is needed to better meet local needs and improve value for money
- Local government can contribute to national prosperity through effective place-shaping
- But - LG must rise to the challenge, particularly by better use of engagement with local people
- LGA's own report – reflected key messages

1. There are benefits to greater local choice

- Better fit with local needs and preferences
- Better value for money through co-production
- Better delivery of (fewer) national priorities; lower costs of the industry of supervision
- More innovation
- Greater public trust in the system of local and national government as a whole

2. Place-shaping and national competitiveness

- Local government and place
- Maximising the economic, social and environmental aspects of well-being
- Distinctive communities with a sense of their past and their future
- More prosperous communities: a bigger “cake”
- This requires good local leadership – simply must build capacity and confidence in local govt

3. There are challenges for central and local government

- Local government needs to:
 - Engage effectively with citizens, business and other partners
 - Take ownership of local choices and manage expectations
 - Become champions of efficiency and value for money
 - Step up to the place-shaping role
 - Develop the convening role
 - Consider its style and behaviour

4. Challenges for central and local government

- Central government needs to make room for local choice through:
 - Reducing central targets, inspection and monitoring
 - Agreeing a smaller set of 'national' objectives
 - Clarifying roles and responsibilities for central and local govt; including the roles of govt departments
 - Recognise the convening role of LG:
 - influence over: skills; infrastructure; health?

5. Provisional conclusions

- Britain has to confront some hard choices – some of which are best made at the local level
- Not about raising more money, but better stewardship of public resources, managing pressures better and local choices
- Flexibility more important than new powers
- Public understanding of the case for local taxation is frail
- Central govt needs to improve the incentives for local govt
- CTB take-up / reform may be the key to fairness
- Some reform options would require lengthy and careful implementation

LG's role in: Building support for final conclusions

- Winning support
 - Are you engaging with your community, partners and local businesses on these issues?
- Building local trust and accountability
- Being seen as champions of efficiency
- Being willing to take hard decisions locally
 - How do you need to be empowered to do this?

And engaging with hard questions

- Do you agree flexibility is more important than powers?
 - In function and finance?
- Frail public support for local taxes – options?
 - Revenue sharing?
- How would you use new flexibility on taxation and revenue raising?
 - How would you use charging powers?
 - Engaging with implications for equalisation and grants
- Do you agree the role of the frontline councillor is key?

Next steps for the Lyons Inquiry

- Further research and modelling on tax options
- Research and case studies looking at services:
 - Economic development
 - Public health
 - Adult social care
 - Children's services
 - Waste
 - Community policing
- Bespoke engagement events: public, business, councillors
- July deadline for further submissions
- Final report on function and funding December 2006