

9 Conclusion

Local government and its relationship with central government have radically changed in the last decade and a half. This report has described and tried to assess changes in particular fields. The task now is to tie together the developments, especially those since 1987. The approach is to summarise the changes in terms of a number of issues that have emerged, and to interpret their significance for the role of local government.

A change in direction since 1987

The key question is whether there has been a break in policy since 1987, and – if it has occurred – whether it has hastened the demise of, or heralded a new era for, local government.

Some approaches to policy which were developed in the early 1980s have been extended or augmented. For example, contracting-out has been slowly introduced since 1980. In education, the open enrolment provision had its origin in parental choice over schools introduced by the 1980 Act.

But there have been some radical shifts in policy since 1987. It can be argued that the recent changes have been more wide ranging and comprehensive than before, and have increasingly reflected a coherent theory of the role of local authorities developed by Conservative governments. In the early and mid-1980s reforms were introduced according to the priorities of particular ministers and the needs of particular departments – for example, the inner cities

initiative (Michael Heseltine) or proposals to reform the curriculum (Keith Joseph). From 1987 such changes came together in a spate of reforms which affected every aspect of local government.

In part this was the rolling effect that such a fundamental reform as the abolition of the rates had on government policy. If, from central government's point of view, it made sense to reform the rates, then it was also timely to reform central grant. As current spending was reformed, it made sense to reform the capital system. As housing finance was tied up with capital reforms it was appropriate to reform that as well. Nicholas Ridley who, as Secretary of State for the Environment 1986-89 displayed a particular enthusiasm for the underlying principles for a reform of local government,¹ must have been influential. The move toward the Education Reform Act had a more particular genesis, tied up with the weakness of the Department of Education and Science in its relations with local education authorities, experiments with school management at the local level, and the debate about standards and the curriculum.

The reforms of local government, such as the delegation of budgets to schools and the move toward decentralisation, reflected developments promoted elsewhere in government in 1987 and 1988. The idea of giving power to institutions beyond the traditional bureaucracies is being promoted by the government – in central government and in the health service, as well as in education and housing. The policies are symptomatic of a rethink of the role of the state by some Conservative thinkers, but have been given added emphasis by the criticisms of local authorities, which are seen as unresponsive to the consumer because of their control by local politicians and bureaucrats.

Continued centralisation?

Many people have seen the changes since 1987 as continuing a centralising trend that started in 1979, and to some extent before.² On the other hand, others have argued that the position is more complex, and that local authorities' autonomy has not been badly impaired.³ The changes introduced by central government can either be seen as a short term restructuring – with local government adapting to a new role – or as a further step in the diminution of local government responsibility and authority. It is not easy to generalise about the

degree to which centralisation has taken place, partly because the term can be used in a variety of senses.

In the government's view many of the changes it has introduced since 1987, rather than centralising, have increased local choice and accountability. The community charge is supposed to remove the need for central control over finance. Central government has stopped imposing penalties through reductions in central grant. The capital controls over local authorities have been relaxed and councils are free to spend current income for capital purposes. Civil servants argue that central government is anxious to devolve controls rather than acquire them.⁴

The government suggested in 1989 that, after a period of restructuring and reform, a period of consolidation would follow.⁵ The reform of local government may have centralised in the short term, but in future local authorities would not be subject to such changes and would be given further responsibilities. Possible indications of a change in the government's attitude to local authorities are: the postponement of structural reform;⁶ giving local authorities responsibility for community care; the exclusion of local government spending which is not centrally funded from the new planning totals for government expenditure;⁷ the decision to leave responsibility for waste disposal with local authorities (although the work is actually to be done by separate bodies); the decision not to change the law on homeless people, keeping local government as the lead authority even if it loses its function as a landlord;⁸ the end of the penalty system in the first year of the community charge in Scotland; the reduced propensity to decide against local authorities in planning appeals (as shown by the Foxley Wood decision); and better consultation than previously over the reform of members' allowances. Furthermore, some proposed legislation will give local government new powers, such as powers over emissions into the air, controls over radioactive substances and powers to register food premises and to have them closed.⁹

But centralisation has occurred since 1987, as for example, when central government took over local authority functions such as the polytechnics and other higher education colleges, and set up grant-maintained schools. Centralisation occurred in another sense when central government assumed greater powers over local authorities. The recent legislation introduces many new central

powers: to regulate competitive tendering; to approve local management schemes; to decide the distribution of capital approvals; and to cap the community charge. The power to make regulations about how the legislation is to be applied is an expanding feature of the new legislation, which gives central government broad discretionary powers, especially the Local Government and Housing Act, 1990.

Other examples of new powers are those to decide the education curriculum, to set the national non-domestic rate, and to approve community care plans and transfers of council housing. Central government's view is that most of these powers are of a reserve nature and will not be used, especially in the long term when the reforms have been implemented. Regulations allow for consultation and flexibility, for example over the restrictions on political activity. But the government has not been slow to exercise its powers as over community charge capping in 1990 or in imposing contracting out, as upon councils such as Hillingdon, Bristol and Wolverhampton.¹⁰

Central government's restriction of local government's own powers similarly has a centralising effect, in that it removes the potential for local discretion. Examples of powers which have been lost are discretionary funding to schools, the administration of the polytechnics and grants to voluntary bodies. More recent proposals – the new legislation on planning, student grants, food safety and environmental protection – all contain new controls over, or impose new duties on, local authorities as well as conferring powers on them. The government has proposed a major reduction of the planning role of county councils and an extension of the role of the Secretary of State in local planning,¹¹ though implementing the proposals has been delayed.

Central government still bypasses local authorities in its local economic policies. For example the city grant which replaced the urban development grant in 1988 is paid directly by the Department of the Environment whereas the old grant was paid through local authorities.¹² The new network of Training and Enterprise Councils continues, like its predecessor the Manpower Services Commission, without the participation of local authorities.¹³

More importantly, the national curriculum and testing remove local discretion, though the extent to which local authorities exercised their discretionary powers in the past was probably limited. The

centralising effect of the Education Reform Act would have been greater if local authorities previously had varying policies on the curriculum and assessment.

A key set of restrictions of local autonomy has been in the finance of local authority services. Decisions about the allocation of funds to local government services are increasingly based on the cost of providing services on a per capita basis, as in the delegated budgets to schools. The redistributive function that local authorities performed in the past may be restricted.

In the long term, if the community charge is a control on spending and the new grant system is stable, then the ability of local authorities to devise policies over and above central governments' estimates of what it should spend – its standard spending assessment – will be limited. Authorities with larger numbers of disadvantaged people may find themselves under pressure to curtail spending to keep the community charge low, especially because the new grant system shifts resources away from some urban areas and some deprived regions.

Many local authority functions are being carried out according to market disciplines, further restricting the social and welfare roles of local authorities. The rules concerning contracting-out prevent local authorities from promoting other policies through their purchasing decisions. Local authorities are unable to realise welfare or political objectives by subsidising the rents of local authority dwellings, they are limited in providing extra resources for schools in deprived areas, they may not be able to provide as many special facilities for minority groups in, for example, leisure centres. The proposals to increase charging for services undermine their welfare nature, since they will become available more in response to market demand than to assessment of need.¹⁴

The model of accountability that is being promoted is non-political, and it may restrict local decision-making. The new powers given to senior officers, such as the head of paid service or the chief finance officer, lessen the role of elected members. Their role in the day-to-day intervention into the detail of service provisions is diminished by the separation of policy-making and administration through contracting-out and the local management of schools. This is in accord with the reduction of local discretionary powers generally, with bodies such as schools and housing associations taking a more important policy-making role.

The community charge is supposed to promote the idea that local taxes are a charge on services and are related to the level of services people consume – as are the proposals for charging.¹⁵ Taken together the reforms can be seen as an attempt to promote a model of accountability which is based on the consumer and the market rather than on the periodic exercise of choice by electors between political parties.

Not that the model is entirely coherent. Part of the justification for the community charge is that it promotes the effectiveness of the electoral process. But this development, if it occurs, might be hampered if decisions are made less by elected politicians and more by decentralised bodies.¹⁶ Increasing the role of the consumer may increase the role of the professional. For example decentralising powers to schools may increase the influence of teachers, particularly headteachers rather than parents.

On balance there has been an overall trend toward centralisation, particularly in some services such as education. It is not evident that the reforms will extend local choice, although local authorities will adapt to their new roles. The government's attempts to smooth over relationships have been short term only and have been superseded by new controversies, particularly over the community charge.

Yet the extent of the centralisation can be exaggerated, because while central government introduces change it may not be able to impose its will on local government. HATs have not so far been effective. Tenants' choice has not been extensively adopted. Loopholes may appear in the capital finance reforms as finance officers start to become more familiar with the new system. The community charge does not appear to act as a constraint on local government expenditure, partly because the level of the charge can be blamed on the government rather than the council. Most competitive tenders have been 'in-house'. As in the 1980s central government may acquire more central controls over local government but fail to achieve all its objectives. As was discussed in Chapter 2, local authorities remain with the same level of public spending and manpower as at the beginning of the 1980s, and many aspects of their activities have not been affected by the reforms.

Many of the controls over local government are short term and are not necessary when government policy is implemented, and the early reforms have not been followed by root and branch reforms, as

publications such as those from the Adam Smith Institute once indicated.¹⁷ The impetus to reform was made in 1987 and 1988 and slowed down in 1990. Many initiatives to follow on from the early reforms, such as introducing charging for libraries and the reform of the planning system, have been slow to come about.

Enabling, not providing

It is clear that the term centralisation is too crude to describe what has happened since 1987. Central government has acquired some new powers and on the whole has reduced the powers of local authorities. But the government has also given a larger role to other local institutions – for example, schools, housing associations and voluntary bodies – while leaving local authorities with some coordinating responsibilities. The new concept is that of the enabling authority.

The idea of a local authority which no longer directly provides services itself but enables others to provide them is held to be a desirable goal to improve local democracy and the quality of services. It can be argued that a positive role for local government is a feasible outcome of the current changes affecting local government, rather than the diminution of its powers. But the concept is often vague, and is frequently employed as a rhetorical device to defend or attack the current reforms.

At its simplest the idea is to create new institutions at the local level which have responsibility for functions formerly carried out by local authorities. The plan is to create a plurality of providers of services in order to promote consumer choice. As well as schools, new housing bodies and voluntary organisations, there are ‘arms length’ waste disposal companies and private firms carrying out contracted out services. Urban development corporations have been increased in number. The idea has been summed up by Nicholas Ridley:

The role of the local authority will no longer be that of the universal provider. But it will continue to have a key role in ensuring that there is adequate provision to meet needs, in encouraging the various providers to develop and maintain the necessary services, and where necessary in providing grant support or other assistance to get projects started...¹⁸

But local authorities have not so far been displaced on any scale by new institutions. As with urban development corporations, many of the new kinds of institution, such as HATs and opted out schools,

though high profile, are few in number and do not affect the bulk of local authority provision. The administration of functions such as public health, libraries, planning and most of housing continues to be 'in house'. It is not possible to replace local government regulatory functions with other agencies, and much of its providing function carries on as before. The exceptions are contracted out services and especially schools – which again shows education to be one of the most radical of the government's reforms.

The new debate forgets that enabling describes what local authorities often do as a matter of course. In many ways local authorities have always been enablers,¹⁹ as a brief look at the nineteenth century role of local government and municipal trading would confirm. Local authorities have frequently 'enabled' voluntary agencies, paying them to provide welfare services. More recently, local authorities have established agencies for local economic development.

Though the enabling idea is supposed to underlie the new reforms for local government it seems to have very different implications for different services and may be applicable only to some. In social services the principle seems to be clear: the local authority is the lead authority and other institutions, such as voluntary agencies or private agencies, are to be encouraged to provide services. With contracting-out the service is provided by other agencies but with little discretionary role allocated to local authorities, except in determining the provisions of contracts and monitoring their performance. In housing the role seems limited to the fulfilment of statutory functions such as housing the homeless: there will be little connection between the housing associations and councils, except informally. In education the concept does not apply clearly because schools already exist to provide education: councils are not enabling others except in the sense of providing services and advice, and it is not clear how the education authority will fulfil its role over such functions as the rationalisation of provision. Given the various ways in which the idea has been used it could be argued that the enabling concept is more a rationale for reducing the powers and functions of local authorities and handing them to other bodies rather than as a new philosophy of public provision. The policy comes more from the idea of creating markets in local government than from the idea of making the council an 'enabler'.

The problem is that the reforms are based on a narrow view of the potential for the role of local authorities in making local policy or developing initiatives. The ideal is of an efficient manager of services, with limits placed on discretionary activities. This means that local authorities are likely to become tied to responding to existing consumers in order to ensure that similar, if better quality, services are provided; but they may not be as able to respond to new needs.

Conclusion

The policies of the last 15 years have limited the role of local government through moves to centralisation in its various forms, and the loss of powers and functions. The pace increased after 1987 with concerted moves by central government to reform local government and reduce its powers and functions, though since 1989 the pace slackened as many of the policies proved to be unpopular.

But not all the results have been negative. The pattern is complex, with centralisation and control in some areas, not in others. Local experimentation has not been stamped out. Some of the reforms may encourage local autonomy. Some new patterns of delivering services are emerging, more orientated to the consumer,²⁰ and it is claimed that there are innovations in management. Depending on the way in which the community charge is amended or replaced, the abolition of the rates may, in the end, lead to a better system of local government finance.

Above all, the Conservatives promoted discussion about local government in a way that was not possible in the 1970s. Since 1987, the government's reforms have been formulated by posing the fundamental questions: what should be the legitimate extent of local democracy, how should local accountability be promoted and what should be the place of the consumer and the electorate? Though the Government has arrived at answers which diminish the role of local government, the debate has been opened. Any future restructuring of local government will have to come to terms with these issues.

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