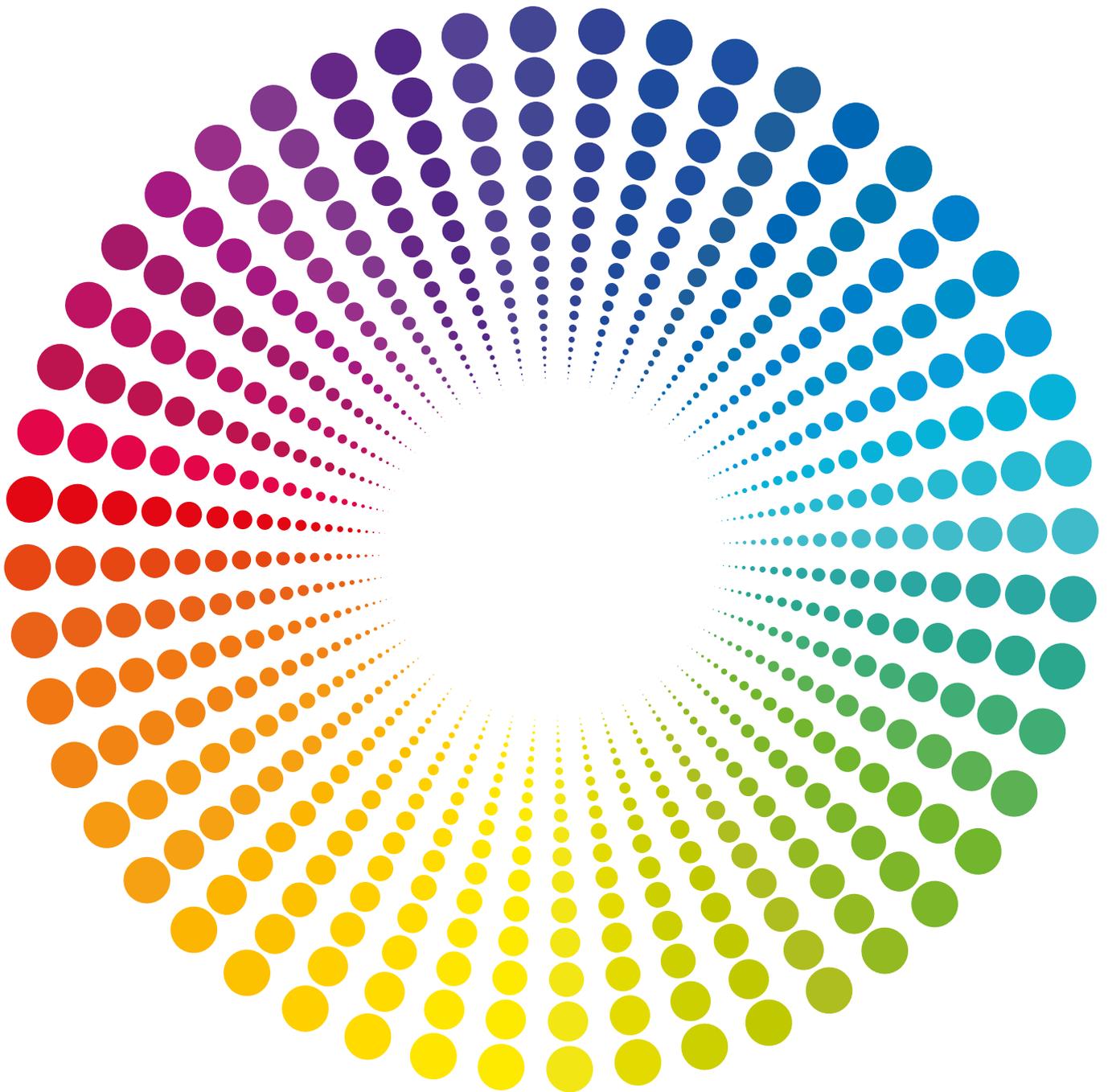


# Beyond Devolution

The final report of the  
Local Democracy Network



## The future of local democracy

This is a crucial moment in the history of governance in the UK.

An ongoing crisis of public finance has been building for years, while a dysfunctional relationship between central and local government has persisted for decades. Meanwhile, an unprecedented set of constitutional changes is about to engulf the country in the form of Brexit.

With central government capacity stretched to breaking point and a lack of wherewithal in Westminster to deal with the impact of these changes, or to navigate them in local areas, a radical shift in governance is essential. Local government needs to have a bigger role in shaping the country's future, with more power to make decisions and lead local communities.

There is an ongoing crisis of trust in public institutions and the elites who run them: the banking crash of 2008, the MPs' expenses scandal and a period of extended austerity in public services have all contributed to a loss of confidence that was thrown into stark relief by the EU referendum and its aftermath. Evidently there are some profound questions to be answered about the direction that our civil society is taking and we need a significant change in the form and function of governance across England.

One clear message emerged from our Local Democracy Network, made up of council leaders and chief executives, as well as senior academics and experts in the public sector: at this point of crisis, we need a realignment of the relationship between central and local government. Brexit has perhaps made this change less likely, but it has also made it more essential. While councils have been forging ahead with innovative new ways of leading and delivering for places, central government has been preoccupied with other matters, many of which are remote from the real concerns of local communities.

We have become used to a state of affairs in which roles and responsibilities are delegated from a distant and largely uninterested central government. This story has been in the making for a while, but now it is time to turn the tables and put local back at the heart of government.

This is why we make the following radical recommendations:

## Recommendations

**A Mayors' Senate:** Now more than ever we need to have a seat for local government at the top table, with a powerful constitutional role in shaping, revising and scrutinising government policy. A Mayors' Senate should be established, giving directly elected mayors from individual and combined authorities this role. In the first instance the Senate should cover the constitutional settlement surrounding Brexit, but it should also expand to cover public finances, infrastructure, service reform and government policy more generally. Ideally this would expand in the future so that a wider pool of leaders would be involved, from other cities and rural areas. LGiU will initiate the first session of the Senate in early 2018.

**A Local Finance Commission, led by local government:** The crisis in local government funding needs to be addressed quickly. Local government manages around a quarter of all public spending in the UK, covering essential statutory services, on which we all rely. Yet there is no certainty around how it will be financed after 2020. A systematic review of how local areas are funded should be set up immediately, and led by council leaders with the experience, knowledge and expertise which is lacking in Whitehall.

**A Constitutional Settlement:** Without formal rules governing the relationship between central and local government, it is entirely reliant on trust and goodwill. But trust and goodwill are often in short supply. Either that needs to be reversed, which seems unlikely in the near future, or we need a constitutional settlement to provide a framework and consistency over the roles and responsibilities of central and local government.

**Devolution Reboot:** The genie is out the bottle when it comes to devolution. In some areas, like Greater Manchester, things have already changed. With increased local power, and a commitment to regional governance and representation on the part of local leaders these areas are marching ahead. It is imperative that other parts of the country do not fall behind, creating a twin-track approach to economic growth, infrastructure development and place-based decision making in England. In light of the seismic constitutional changes that the country is about to undergo, long term socio-economic trends, and an evident crisis of capacity in central government, it is more important than ever to continue devolving power to the regions. Local leaders have shown their ability to work with communities and manage in extremely difficult circumstances. With greater powers and resources they could help the country navigate some of the biggest challenges that lie ahead. This should be a programme of empowered regional governance and leadership to facilitate better democratic representation and greater local influence at the centre.

## Background

As this is a key moment in the trajectory of the UK it is crucial to ask what the future has in store for local democracy.

In the wake of economic upheaval throughout most of the last decade, as well as the seismic impact of Brexit, political life in Britain is struggling to keep pace with events. There are long-term challenges, too: changes in the relationship between citizens and the state; in technology and the ways we interact and communicate with one another; and in the expectations we have of institutions and leaders.

Something has to give.

Empowering the cities and regions of England remains one of the most important issues for government to address and it needs to do it now. Yet the offer to local government so far has been limited. It has stopped short of signalling the radical changes in power and governance that are necessary.

The Coalition and the previous Conservative government began a programme of decentralisation in an attempt to meet some of these challenges. Devolution to English city-regions was an important, and potentially transformative first step taken to empower cities, councils and leaders outside London.

While it appears that the programme has stalled, it may already be too late for the government to turn back.

Devolution may not be the best word to use, and what has occurred may not be a material change in governance as central government has retained a great deal of control over what local areas can do<sup>1</sup>. “Regional empowerment” is what we are arguing for, as it is about people, places and changing the local of power. So far, however, the change is partial and fits into the traditionally English paradigm of operational devolution with strategic centralisation.

Having said that, something significant has happened in the landscape of England’s public and civil institutions. Thirty-four per cent of the population of England outside London live in areas covered by newly established combined authorities and the six combined authorities with a directly elected metro mayor have a combined revenue and capital budget of £1.3bn in 2017-18<sup>2</sup>.

Indeed, 54 councils, 17 per cent of all English authorities outside London, are now members of a combined authority. Directly elected metro mayors have been in place for over 100 days following elections in May and they are starting to implement some of their manifesto pledges.

Perhaps more significantly, they are also beginning to wield the soft power that comes with their office by virtue of the direct mandate they received from local people. We are yet to see how this will develop over the coming months and years.

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1 Sandford, M (2016) “Signing up to devolution: the prevalence of contract over governance in English devolution policy” [Regional and Federal Studies](#) accessed online

2 [National Audit Office \(2017\) Progress in Setting Up Combined Authorities](#)

We maintain that this programme of English devolution should not be allowed to wither away.

Local capacity, knowledge, and expertise are arguably more essential to our success now than ever. The Communities and Local Government Select Committee argued in 2016 that the government should introduce “devolution by right” by putting together a comprehensive and far-reaching package of powers to offer in devolution deals to local authorities. Central government is finding that most of its capacity and resources are focused on negotiating Brexit, to the exclusion of essential programmes and reforms. At times like this it is important, therefore, to let local government do what it’s good at and, most importantly, trust it to deliver.

## The Local Democracy Network

Rather than restate the history of devolution and rehearse debates about agglomeration economics or boundary reviews, we wanted to collate the ideas, aspirations, concerns and experiences that local government has around these big issues. We convened a high level network of six leaders, six chief executives and seven senior officers from councils across the country, as well as senior academics from four universities and practitioners from organisations across the public sector.

The network, which was kindly supported by the James Madison Charitable Trust, comprised a year-long programme of research, incorporating a series of four meetings that took an in-depth look at some of the bigger questions around governance and developed collective ideas from local government as to how they might be answered.

We chose four headline issues for the network to investigate, which form the four sections of this paper:

1. Sovereignty
2. Finance
3. Democracy
4. Leadership

We discussed each theme at a roundtable meeting, run on Chatham House rules. Dr Sandra León, of the University of York, gave an introductory presentation at our meeting on sovereignty, while David Phillips, Associate Director at the Institute for Fiscal Studies introduced our discussion on finance, and Andrew Lightfoot, Strategic Director of Public Service Reform at Greater Manchester Combined Authority introduced the leadership discussion. The meetings were chaired by Jonathan Carr-West, Chief Executive of LGiU. See appendix for a list of participants in the Network.

## How did we get here?

There are three broad themes that have shaped the current political context. It is within this context that devolution and decentralisation of powers to English cities and regions is imperative and should continue:

- **Globalisation**, which over the long-term has led to enormous changes in the structure of our economy, social identities, and inequalities. Meanwhile

technology has advanced and catalysed new forms of engagement between citizens and the state.

- **Austerity**, which has drastically reduced the amount of money available for public spending. Local government has been hit particularly hard, with many councils reducing their budgets by around 40 per cent following restrictions put in place since 2010.
- **Brexit**, which has only happened relatively recently, presents an immediate and comprehensive challenge for government at all levels. Brexit will absorb central government's attention and the bulk of Whitehall capacity for the foreseeable future. It will also have many implications for local government though councils have so far had no role in directing it.

The Coalition and the previous Conservative government began a programme of decentralisation in an attempt to meet some of these challenges. Devolution to English city-regions was an important, and potentially transformative first step taken to empower cities, councils and leaders outside London. With Greater Manchester at the forefront, the Treasury made several deals with local government to take control of budgets and services, with particular focus on economic growth, infrastructure and skills. There was a time when it looked like devolution might be a watchword for change in the way the country is governed.

Key events in the development of decentralisation over the past few years include:

2011 – Localism Act introduced Core Cities amendment

October 2011 – Whole Place Community Budget Pilots

July 2012 – First wave of City Deals announced

2013-14 – Second wave of City Deals announced

November 2014 – Greater Manchester devolution deal announced

March 2015 – Devolved health budget deal for Greater Manchester announced

May 2015 – Cities and Local Government Devolution Bill published

July 2015 – Cornwall deal published (first non-city deal)

September 2015 – Deadline for devolution bids 32 were submitted

December 2016 – Amendments to Devolution Bill

May 2017 – Elections for combined authority mayors in Greater Manchester, Liverpool City Region, West Midlands, Tees Valley, West of England and Cambridge/Peterborough

The Localism Act in 2011 was an important moment in this story granting local authorities the general power of competence, as well as creating a range of community rights. The Act also included the Core Cities Amendment, which allowed for bespoke deals between individual cities and central government. The first wave of these City Deals was announced in 2012, followed by a second wave throughout 2013-14.

The real turning point came in November 2014 when a deal between George Osborne and the leaders of the ten boroughs in Greater Manchester, the “Devo-Manc” deal, was announced. The Greater Manchester Combined Authority was given control over transport, post-19 skills policy and various other areas of spending and investment, followed in early 2015 by control over health and social care integration (and a budget of £6bn). In return, they accepted that a directly elected mayor would be chosen by the people of Greater Manchester to lead the combined authority as part of a cabinet. Though not an executive, the mayor would provide a single point of accountability and responsibility, as well as a figurehead for the city-region.

To roll out this deal-based decentralisation model elsewhere, the government introduced the Cities and Local Government Devolution Bill in May 2015 and opened up a bidding process for combined authorities to make the case for devolution. The process has not been without criticism. The behind-the-scenes nature of the negotiations were highlighted as potentially problematic and in July 2017 a National Audit Office report<sup>3</sup> on the establishment of Combined Authorities raised issues with their complexity, variability, and capacity as well as their scrutiny and oversight.

In May 2017, elections took place for the six new combined authority mayors.

The change that devolution could bring about is still vital. Yet it seems the programme is on a knife-edge. Of the 32 bids submitted to the government by the September 2015 deadline, most fell apart and were unsuccessful. Following the EU referendum and the change of government that ensued, there was much less enthusiasm in Whitehall to pursue a programme of further decentralisation of powers around the country.

As new mayoral administrations are beginning to take shape there are many important questions to be asked about these areas and about the future of local democracy across the country.

We addressed some of these in the Local Democracy Network and the discussions are summarised below.

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<sup>3</sup> [National Audit Office \(2017\) Progress in Setting Up Combined Authorities](#)

# 1. Sovereignty

## *Trust deficit?*

Meaningful change and significant empowerment at the local level is unlikely when there is a deficit of trust. In a system without a firm constitutional foundation, having good relationships between different tiers and parts of the public sector is vital.

Devolution in England is distinct from many other nations in that it has taken place in a highly centralised jurisdiction, driven by an economic logic, with an a historic lack of trust between central and local government. In the process of making deals with various councils over the past couple of years, ***the government has cherry picked the things it is happy to see controlled locally***. It's not a question of increasing local sovereignty, rather it has been about local delivery of government priorities, with a particular emphasis on economic growth.

It will be necessary to amend this.

The history of British governance has left a legacy that is long and complex. One of the constant themes in that history is the tension between central and local government. Far from one of mutual trust and partnership, it is a hierarchical relationship, whereby forms and functions are bestowed from the centre on local authorities at various levels. Successive governments have sought to control local government through an audit and regulation regime, including measures like the capping of council tax or the Comprehensive Area Assessment. Crucially, because there is no constitutional basis for local government its overall structure is subordinate to the politics of the day, while local leaders are rarely involved in shaping that structure.

As opposed to other countries, like Germany, Spain, or the United States, asymmetry and complexity characterise the English local government system. When decentralisation is pursued by government, it is neither particularly neat nor self-contained. There is variation at different levels of government, in different parts of the country, which is often based on historical precedents. This is profoundly important for the mechanisms and the form which intergovernmental relations take. Dr Sandra León, of York University, made the case that greater consistency across local government in other countries leads to greater homogeneity of interests, accompanied by increased bargaining power in relation to central government.

It was felt particularly strongly in the Network that this centre-local relationship hinders the good work that local government could otherwise get done. As one participant put it:

*Local government can get on with stuff, but central government puts lots of barriers in place that really get in the way of that, such as the Housing White Paper and plans to enforce right to buy on council housing companies.*

The fundamental issue here, as established not just in our session on sovereignty, but also throughout the network, is that relationships rather than procedures are often decisive. Greater Manchester's success was built on the good relationships between its local government leaders, and their collective, pragmatic relationship with key figures in central government. This is a signal that we need a change in intra-governmental relationships.

## Complexity

Sub-national leverage depends on commonality of interests. Councils have to get together to demand the change needed in their communities. They need to lobby central government effectively and collectively. English devolution has been ad hoc and heterogeneous, conducted in such a way as to preclude the development of common interests and a strong common voice.

In England's asymmetric system there are overlapping institutional layers, affiliations, identities and responsibilities. Driving change in this system is complex and can move at a particularly slow pace. Structural reforms have always stopped short of wholesale restructure, leaving a legacy of fragmentation.

Some may remember the Redcliffe-Maud report, which, in 1969, recommended wholesale rationalisation of the structures of local government. County Boroughs were abolished three years later, in the 1972 Local Government Act, and the two-tier model of county and district councils was established. It was not long before metropolitan county councils, such as the GLC and Greater Manchester, were abolished, in 1986. In the 1990s the Local Government Commission recommended breaking up councils into new unitary authorities, but only where it was deemed feasible and desirable. Politics trumps constitution.

We need a change that recognises more recent developments. One member of the Network told us:

*The world has changed around us and we need to look beyond the traditional centre-local and Westminster model of governing the UK.*

The big challenges we face are beyond what many of our existing institutional structures are able to provide for effectively. We need, therefore, to look beyond the traditional Westminster model, which dictates the relationship between central and local government. But, as one participant at our Network discussions told us, that is not always easy for councils to do alone:

*Often we have to pragmatically give in to central government dictat. Having a deal is better than no deal at all.*

It was felt by most participants that the ad hoc and deal-based nature of devolution has hindered progress in some areas and that it may actually have been helpful to have some structures in place. But in conversations about sovereignty and power there is a danger that we rush to focus on structures, rather than people, outcomes and ideas. One participant noted that:

*There is a challenge for councils about places and showing they have the skills to lead at the local level. This is local government, but also health organisations, VCS organisations and so on. Are we equipped with the capacity, skills, and culture to actually take on more sovereignty and power?*

Another participant argued that one of the great strengths of the English local government system is its link to place and the local leadership it can provide. This also provides accountability, which is essential in a democracy. But it is currently

hampered by the complexity and fragmentation of the system, which blurs the lines of responsibility and can lead to blame shifting between different areas of government.

To make the most of that link with place and community there needs to be a strong, coherent voice that delivers powerful arguments to central government and to the nation.

## *Cities and Regions*

Central government has limited capacity to navigate the large, complex challenges that lie ahead, with the impact of Brexit one of the most immediate. Rather than trying to meet these challenges through the nation-state, it is time to look to our cities and regions as the framework in which they might be tackled.

Brexit is the most significant change we are undergoing as a country, and empowered regional leadership will be essential in navigating it. It is not a zero-sum game. Empowered cities would also help to strengthen the UK's arm internationally.

Local communities have for a long time dealt with change driven by forces beyond the nation state, including new technologies, climate change, and global economic patterns. Devolution was seen as an opportunity to reframe the debates around these issues, with cities and regional leadership front and centre.

A participant in the Network argued that national governments are not equipped to fight some of the big battles that need to be fought today, but cities and local government are. English cities offer a different spatial scale to start answering some of these big questions. Directly elected metro mayors are an attempt by the government to provide a clear, visible link for citizens, and they are likely to have a transformative impact:

*Cities deal with fluid identity all the time, and we keep it linked to something real and coherent. Sovereignty is increasingly important to me too. It is not just about providing better services because there are some big political battles up for grabs.*

Another participant asked:

*What is the role of cities in a post-Brexit constitutional settlement? Do cities become a more important framework for people, business, services, and so on, as nation states decline?*

Indeed, there are small indications that the centre-local relationship may be shifting with regard to metro-mayors. In the Housing White Paper, for example, the government stated that there would be dialogue with combined authorities around local issues and challenges, as well as the formation of local spatial development strategies.

Given the scale of the constitutional change that the UK is about to undergo it is imperative that this relationship improves further and faster.

The government has been criticised for its lack of dialogue with councils over the implications of Brexit, and there appears to have been little consideration of how to get a good deal for the English regions. Speaking at the LGA conference earlier this

year, Andy Burnham, mayor of Greater Manchester, said that local leaders “haven’t been given any meaningful role” in Brexit decision-making. This needs to change. Local government will be expected to deliver the goods when the UK does leave the European Union and there are many areas, particularly health and social care, in which councils will feel the consequences. Furthermore, councils have worked closely with EU institutions for a long time and have a great deal of experience to bring to the negotiating table, should they be allowed to participate.

## 2. Finance

### *Technical And Political?*

Local leaders need the autonomy and the tools to make important decisions and to fund their communities. The system of local finance needs to facilitate this. It is not just a technical issue, but is also highly political and its complexity has to be navigated carefully.

Under business rates, lower revenue is likely to be associated geographically with higher public spending needs and there is an important balance to be struck in these areas. While incentives may help to drive growth, some areas will struggle and will remain reliant on grants and a system of redistribution administered centrally.

Indeed, financial discussions such as these get to some fundamental questions of how local government should work, and they are profoundly political:

- How far are we willing to tolerate divergence in service quality?
- Should some services be centrally funded? Which ones and to what extent?
- Can councils actually influence local economies? If so, what powers do they need and how should they use them?

So far we have lacked a clear forward view of how to finance the public realm and support civil society. There has been a tendency in many of these discussions to fix existing problems, understandably. But we will need to move on from fighting the last war and build for the future.

Local government needs to find a way to take back control of the political language so that it encapsulates the social, the people, the places, which the finance is supposed to serve. Local government has been extremely impressive in the way it has managed huge budget reductions in the last decade, whilst maintaining essential services and innovating to continue supporting local communities. On this basis there should be an open, inclusive conversation about how local areas are funded in the future, and local government should be at the heart of it. One participant noted that:

*Devolution was sold to us as redistribution from central to local government. But the hodge-podge, deal based approach has meant that extra resource has not lead to any actual downsizing of central government.*

But there is a divergence between the conversations and aspirations that we might have on the one hand, and the political reality that constrains these things on the other.

Tying these strands together is a huge task. Integration is often seen as a panacea that will not only improve services, but will also save significant amounts of money for the public sector, which is not necessarily the case.

These fundamental questions of funding and financial autonomy have been “wrapped up in the fanfare of devolution”, one participant told us, but they are crucial and need to be addressed.

## Autonomy

The important questions that we need to ask are about what people need and want to see in their local areas. Local government institutions are often a means of facilitating that, but they do not have to be the only ones.

Gaining some local autonomy across the public realm was a big goal for councils that pursued devolution deals with the Treasury. There was a strong sense at our discussions that local government should do far more than call for funding and bigger grants from central government. The aspiration should be more freedom to raise the money locally. One participant told us:

*We talk about devolving money, but we also need to devolve people. We need capacity because so much expertise has been stripped away at the local level.*

There is a tendency in debates about local government finance to focus heavily on existing structures and service areas, working within existing institutional frameworks:

*We are nibbling around the edges of this debate. Taxation is a means to an end: it is there to create revenue, provide services, reduce inequalities and so on.*

## Creating Growth

Local economic growth is imperative. We need local leaders who are free to use the necessary tools to make big decisions that support the economies in their area. While they have already proven themselves able to work effectively in difficult circumstances, councils could do so much more if they could borrow freely to invest, backed up by a central government that trusted them to deliver.

The debate should be about the variety of other measures that could be used to incentivise growth and help to fund local authorities. This means tapping into the knowledge and capacity that exists locally in order to innovate. Participants told us that:

*Our lobbying of central government should be about a return to place. This could involve different kinds of budgeting and maybe things like land value tax, local income tax and property taxes.*

*And we are the only branch of government that actually operates multiple levels. We need the space to manoeuvre and come up with radical ideas about people and places.*

Since 1945, successive governments have sought different spatial frameworks to drive economic growth that is relatively balanced across the country. Regionalism has been pursued in different guises, as have other reforms to local government structure, mentioned in the previous chapter. Devolution to city-regions and combined authorities is the latest incarnation. For all its efforts to ensure accountability and improve outcomes in different service areas, it was always oriented towards economic growth.

The government is banking on mayoral leadership, local decision making and, crucially, local control of business rates to improve economic outcomes. Yet the evidence on the additional value that this type of governance can bring to economic growth is mixed<sup>4</sup>. Meanwhile it still seems that the government's aspiration is to move councils from a redistributive system of central grant funding to one of incentives for self-financing, based on retention of business rates. It was felt that if councils could keep the uplift in local business rates they would ensure that the environment was right for investment and development, for small and medium enterprises and for the local economy to thrive.

Our network participants were sceptical of this position. One of them argued that:

*Too many outlandish claims have been made for business rates. They don't actually do a lot of the things that have been claimed for them, such as incentivise this or that behaviour. If it's hard to vary the rates, then how do you actually use that to translate growth into revenue?*

But when it comes to finance, the debate has been dominated by business rates. While some areas have done well out of the scheme, a universal roll out is based on flawed logic, one participant argued:

*There is no incentive under a business rate retention system to support start-ups and small business growth. It's all focussed on big stuff and infrastructure. But what is needed in lots of places is the small stuff, thriving town centres and local economies.*

Local government should take the lead and radically change the parameters of the discussion. One council leader noted:

*Business rates are an important short-term and temporary measure, which should be part of a strategic package.*

LGiU's 2017 [Local Government Finance Survey](#) found that eighty per cent of councils have little or no confidence in the sustainability of the finance system, and the same number believe the current needs assessment formula is not fit for purpose. However, half felt that they would lose out from a transition to one hundred per cent business rates retention.

Local government needs more tools and, whatever its merits and demerits, the move towards universal business rate retention was a step towards financial autonomy for local government. As part of a package it could have been a significant and positive change. The fact that the scheme seems to have ground to a halt has undoubtedly slowed down fiscal devolution when it is just as vital as ever.

There was a word of caution, however:

*I don't think we should focus on fiscal autonomy at the expense of everything else. No one in local government asked for control of business rates and everything else to be taken away.*

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<sup>4</sup> Mor, F. & Sandford, M. (2017) "Growing pains: Property taxation and revenue incentives in English local government" *Local Economy: The Journal of the Local Economy Policy Unit* 32 (5)

Economic events are often outside the council's control, and national or global forces can have profound impacts on local economies. One of the big questions that we are yet to see answered is how far metro mayors and city-region governance can lead in this area. A further, crucial question is what central government will do about redistribution and financial support if some areas are unsuccessful. That is why one participant argued that we should build a more sensible, long-term aspiration:

*We should be talking about local government sustainability, not local government self-sufficiency.*

We return here to the issue of trust, however. Local leaders need to be freed to make those big, meaningful decisions. Many of our participants told us that one key change the government should make is to allow local authorities to borrow more and trust them to deliver.

### 3. Democracy

Local government is perfectly placed to enable the kinds of empowerment and civic action that we desperately need, bridging the gap between citizens and institutions. But devolution and democracy are not necessarily one and the same, though they are sometimes treated as such.

It is not inevitable, for example, that a programme of devolution increases or strengthens democracy in local areas<sup>5</sup>. Indeed, this was not one of the primary goals of devolution under the Cities and Local Government Devolution Act. Localism has, arguably, been left out of the debate so far. However, many of the potential benefits of devolution will not be realised unless there is also a commitment to strengthen civic engagement.

Several factors have conditioned local democracy. Years of austerity have seen council budgets cut by around 40 per cent in some areas, straining councils' capacity to deliver for local citizens. In light of the Brexit vote, the rise of different forms of political campaigning and widening inequalities between different parts of the country, many people are looking for ways to register their dissatisfaction with the status quo. Meanwhile, local identity, always a salient political issue, seems to have become more so recently, and it may continue to grow in importance. These trends have compounded recently, so that, as one participant noted:

*Over the past year or so there has been a clear signal that people want more control over their lives.*

Local government is very well placed to facilitate the kinds of citizen empowerment that might meet this demand. The rise of high profile local politicians, and directly elected mayors in particular, may go some way towards addressing this. But as devolution happens at different layers and scales, it should be done with sensitivity to local geography and identities. As one of our participants argued:

The structures that we establish need to build on, not undermine the fabric of local civil society.

#### *Civic identities*

Identity can be positive but can also be regressive and exclusive and the emphasis it can place on local government structure tends to obscure or override some of the other fundamental questions about local democracy. These relate to the public sphere, the social fabric and civic economy. Though that engagement may take different forms and may take place in civil society, beyond representative institutions:

*When we talk about democracy we often just mean the relationship between representative and represented. We miss out all the other mechanisms that represent people through the system.*

And many of these other institutions are also facing long-term pressures, including the local press in most parts of the country.

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<sup>5</sup> Copus, C & Roberts, M (2017) *Local Government in England: Centralisation, Autonomy and Control* Palgrave

Where there are strong identities there is often a clear link with democracy. Small boundaries can assume a huge importance in the psyche of local people. But where identity is felt less strongly there is still a case that people need to engage. Economic geography often cuts across historic boundaries and allegiances. The network felt that you can have both but that it pays to be pragmatic. One participant noted of their combined authority that:

*It's a construct, but we've done it pragmatically and come together for the potential prize from central government. It may be crumbs but it's quite significant for us actually.*

Boundary reviews can be dry and we often assume that people are not overly concerned about them, but they can be meaningful for local residents. We were told:

*The problem is that central government doesn't get that there's an issue at all. There is incomprehension, not rejection, but incomprehension.*

Others noted that in terms of identity the Northern Powerhouse is useful because "it is incredibly flexible, can be Manchester, the North West, the North, and so on."

It was widely felt that, rather than roll over, now is the time for local government to push back. Central government does not understand community level issues.

### *Building new structures democratically?*

We are already witnessing big changes in the country's democratic landscape. Empowered city governance, directly elected mayors and combined authorities have already had an impact. The question is how this will develop in the future and what it means for the overall democratic structure.

"We tend to leap into bureaucratic governance", argued one network participant, "but we have got to get over this. It is difficult and complex in a political organisation, but we should have tried to get through the complexity rather than getting bogged down in structure." Indeed, it was this rush to structure that limited the extent of devolution deals around the country. Councils in many parts of the country were hung up on the shape of these structures, rather than working together to build a collective vision of what they wanted to do for the local area.

Negotiations with the Treasury were not inclusive, systematic or transparent. Several ad hoc deals were made behind closed doors between the Treasury, under George Osborne, and senior figures within the councils that would make up new combined authorities. Public consultation was not possible in the time frame that the government allowed. Most people in the country, and indeed in Greater Manchester, heard about the Devo Manc deal for the first time when a picture was released of the 10 council leaders and George Osborne signing the deal itself.

There was very little public consultation in other areas where the Treasury's dominant position in drawing boundaries and establishing new institutions has been criticised:

*We've had permutations of identity forced on us with the devolution deal, which is difficult in a two-tier area. We should have been harder and pushed back on the Treasury.*

There are interesting implications for local democracy that arise through this process. Combined authority administrations and their leaders are starting to have meaningful conversations with their voters about what they want to see in the area. But more significantly, many of the core elements, such as accountability and representation, are affected by the establishment of directly elected mayors.

Many have argued that city level government can move away from traditional democratic models. Shortly before he was elected, Andy Burnham said that “devolution will truly fly if it can open up decision making to a wider group of people in decisions and allow them to make a difference.” With that in mind, it will be interesting to see whether and how hierarchy persists. Directly electing a mayor could deepen the personalisation of politics in local areas, and it could concentrate certain powers in one individual.

This is just the beginning of a possible new chapter in the democratic governance of the UK. As such it should be taken seriously and any lessons should be collectively learned.

## 4. Leadership

Leadership is the link that brings together many of the disparate strands that have been discussed in this paper. With the national politics of Westminster and Whitehall in flux, now is the time for local leadership to get the recognition it deserves. In the network we were told:

*Austerity has been the shaper, but our creativity and leadership is making change happen.*

In recent history the political tendency has been towards stronger, individual leadership. The key change that has taken place in the UK recently is the establishment of directly elected metro mayors. We are yet to see how these new offices will develop and what their impact will be, but they have already begun to play an important symbolic role.

With central government capacity mostly absorbed by Brexit negotiations, there is a need for visible leadership across the country. Local government is often seen as a deliverer of services and, sometimes, as a forum of representation for citizens. What is all too often overlooked is the fact that councils have a vital role as leaders of place, which government must recognise and trust.

The ground may be beginning to shift, however. After just a few months in office we have already started to see metro-mayors gaining prominence in the media, nationally as well as locally. This is something rarely seen with senior leaders in local government. This demonstrates a symbolic leadership role, across the country and internationally, which is almost more important than statutory powers that mayors have assumed, which are really pretty limited compared to those in other countries:

*During the elections candidates and mayors talked about their visions for place that go beyond statutory powers.*

Soft powers and convening powers are crucial and becoming more so as the new mayors settle into their roles. Tackling rough sleeping and integrating health and social care are not responsibilities that sit with the mayor in Greater Manchester, but Andy Burnham has made statements to that effect. Having an election was very important from a democratic perspective, as an appointed mayor would not have been able to use this kind of soft power.

There were pledges made during mayoral elections that demonstrate the potential links with local people, whether backed up by the statutory powers or not. What is yet to be determined is whether this form of leadership fits with the previous discussions of democracy, finance and sovereignty. How do we ensure accountability and responsibility, with the right institutional structures and the right balance between different parts of the local government landscape? As one participant told us:

*The tension is between not concentrating too much power under one individual, but also ensuring that one person is accountable and responsible...surely the latter will win out.*

One of the big questions in any democracy is how to institutionalise positions of power, so that they are held by the office and not the person, while ensuring that we

focus on citizenship as much as leaders. With relatively low levels of public awareness of local politics, a “strong mayor” model may entail democratic challenges that other institutions, such as the local media will prove important in meeting.

## Conclusion

Local democracy in England is at a crossroads.

The programme of combined authority city-regions led by directly elected mayors may not spread around the country much further than it already has. But in those areas where it has taken root there is significant change already taking place. Meanwhile, the challenges that the programme was designed to address, as well as many that it was not designed for, still persist.

Issues of sovereignty, public finances, democracy and leadership have come to the fore in recent years. They are wrapped up in quite profound questions about the direction that our civil society is taking and signal that we need a significant change in the form and function of governance across England.

Seismic changes are taking place, which the state is struggling to cope with in its current form. Slow economic growth and a funding crisis in essential public services, long-term disenchantment on the part of many people who have been left behind by globalisation, and of course the enormous and more immediate challenge of extricating the UK from the European Union.

Our network of local government leaders, chief executives and senior practitioners told us there needs to be a strong voice from the English regions in these debates. That is why we argue for the establishment of a Mayors' Senate that will allow leaders of cities and city regions to have a seat at key discussions, to scrutinise the government and to represent a broader range of interests.

The Senate should have a firm, constitutional role and directly shape our response to three immediate, national challenges: Brexit; industrial strategy; and reforms to local government finance. It should also have a regular, on-going role scrutinising government policy in sessions held outside of London. This would provide an important mechanism for local government to channel its concerns and demands and would demonstrate genuine trust and rebalancing of power.

Local government finance is one of the most serious and complex challenges we face. Spending cuts that have persisted for years, and slow rates of economic growth across the country and an impending crisis in the funding of core statutory services require a radical new direction. But this is a process that should be directed by local government. It is councils who understand the pressures faced locally as well as the needs and aspirations of local communities. That is why we are calling for a Local Finance Commission, to be led by local government.

In light of the constitutional changes that will follow Brexit, it is necessary that local government's constitutional position is also reconsidered. Without a positive, trusting relationship between central and local government, there need to be rules and a framework governing that relationship.

Finally, local government leaders need greater powers and resources to help the country navigate the challenges that lie ahead. They have shown their ability to work with communities and manage in extremely difficult circumstances. The program of devolution to English regions should be rebooted and increased to reflect this.

We need to turn the tables. The nation state itself is changing and now is the time for local and regional government to be given a voice in shaping its future.

## Appendix: The Local Democracy Network

The following people took part in the Local Democracy Network. The recommendations represent the views of LGiU and are not necessarily endorsed by individual participants

- Cllr Christopher Akers-Belcher – Leader, Hartlepool Borough Council
- Michelle Brook – Demsoc
- Professor Colin Copus, De Montfort University, Local Governance Research Unit
- Caroline Davison – Head of Policy, Suffolk County Council
- Cllr Ruth Dombey – Leader, London Borough of Sutton
- Prof. Francesca Gains – Professor of Public Policy and Head of Politics, University of Manchester
- Richard Elliot – Head of Policy, Partnerships and Research, Manchester City Council
- Cllr Alex Ganotis – Leader, Stockport Metropolitan Borough Council
- Stanley Henig – Deputy Chair, James Madison Trust
- Kate Kennally – Chief Executive, Cornwall Council
- Cllr Roger Lawrence – Leader, City of Wolverhampton Council
- Tom Lawrence – Research Consultant and LGiU associate
- Sandra León – Department of Politics, University of York
- Andrew Lightfoot – Strategic Director of Public Service Reform, Greater Manchester Combined Authority
- Prof. Vivien Lowndes, Professor of Public Policy, University of Birmingham
- Aileen Murphie – Director of DCLG and Local Government Value for Money, National Audit Office
- Dr Andy Mycock – Reader in Politics, University of Huddersfield
- Dr Adrian Pabst – Lecturer in Politics, University of Kent
- David Phillips – Associate Director, Local and Devolved Finance, Institute of Fiscal Studies
- Robert Pollock – Director, Social Finance
- Marvin Rees – Mayor, Bristol City Council
- Mark Sandford – Senior Research Analyst, House of Commons Library
- Jamie Saunders – Strategy and Engagement Officer, Bradford Council
- Amanda Skelton – Chief Executive, Redcar & Cleveland Metropolitan Borough Council
- Cllr Jean Stretton, Leader, Oldham Council
- Rachel Wall, De Montfort University, Local Governance Research Unit



**LGiU is a local authority membership organisation. Our mission is to strengthen local democracy to put citizens in control of their own lives, communities and local services. We work with local councils and other public services providers, along with a wider network of public, private and third sector organisations.**

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