

# THE LYONS INQUIRY

## PORTFOLIO RESPONSIBILITY: CORPORATE AND CUSTOMER SERVICES

CABINET

29TH JUNE, 2006

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### Wards Affected

County-Wide

### Purpose

To note Sir Michael Lyons' latest report and the areas of particular interest to Herefordshire where representations to the Lyons Inquiry may be appropriate.

### Key Decision

This is not a Key Decision.

### Recommendation

**THAT the Cabinet notes the latest work of the Lyons Inquiry and decide which, if any, issues it wishes to contribute to in future**

### Reasons

Sir Michael Lyons final report (due in December 2006) is widely seen as being hugely influential for the future shape, financing and functions of Local Government. There is an opportunity for the authority to provide some comments by responding to the interim report in advance of the Government White Paper and the final report of the Lyons Inquiry.

### Considerations

#### Background

1. In May the Lyons Inquiry published a paper entitled "***National prosperity, local choice and civic engagement: A new partnership between central and local government for the 21st Century***".
2. This paper is a continuation of the interim report published last December and is intended to increase debate prior to the Government publishing its own white paper. It continues along the theme of how to form an effective partnership between central and local government, which will meet both the current and future needs of the taxpayers of England. It is not about the structure or re-organisation of local government. This is not a consultation paper, although comments are welcomed.

#### Summary

3. The main theme of the paper is the re-localisation of decision-making. Sir Michael calls on Central Government to reduce the number of targets and their control and monitoring of local services in order to prevent the continued 'crowding out' of local priorities. He states that this requires Central Government to be clearer about where their responsibilities end and those of the local authorities' begin.
4. Whilst the report recognises that some good has come from centralisation (such as new forms of service delivery and better value services) it also highlights the bad points, which include an expensive monitoring system and a lot of confusion over

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Further information on the subject of this report is available from  
Tony Geeson, Head of Policy & Performance (01432) 261855

who is responsible for service delivery. The paper encourages more ownership by local government of the monitoring of services, as well as the value for money and cost effectiveness of them. It argues that other local agencies should have a statutory duty to co-operate with local authorities.

5. Sir Michael uses the current debates on pension provision and adult social care as examples where people are expecting more and more from their services and government. Sir Michael believes that local authorities are often better placed to make decisions affecting an area than Central Government, arguing that they should be given the responsibility of promoting the interests of local people. However, the report highlights the concern that attracting additional Government grants, through meeting targets, means that local government is often more concerned with pleasing ministers than their local residents. Chapter two of Sir Michael's report goes into more detail about the benefits that can be achieved through improved local choice.
6. Sir Michael Lyons believes that improving and clarifying the relationship between Central and local government will remove the confusion and increase the accountability for taxpayers. This accountability will often be directed at local councillors, which he acknowledges is currently an undervalued and poorly rewarded role. The report talks about possible improvements with the aim of making becoming a councillor more attractive including:
  - Extending scrutiny's scope into other services
  - Recruitment and retention programmes
  - Developing a strategic leadership programme
7. The report acknowledges that clarifying the roles of Central and local government is not easy, but suggests the following criteria of services where it would be appropriate for decisions to be made locally:
  - Where there is variation in needs/preferences/costs of provision
  - The costs and benefits are felt by local people
  - Outcomes require engagement with individuals
  - There are benefits of local joining-up and limited economies of scale
  - Advantages can be gained through innovation and experimentation
8. Enabling local government to give greater local choice to its residents and communities must not, however, be seen as a "postcode lottery". The report argues that a system where all services and priorities are uniform across an area is not a fair one, when the views and circumstances of the local residents are not taken into account. Local authorities must be prepared to not only make decisions about where to invest (i.e. their priorities), but also where to do less, and be ready to defend these decisions. The report stresses that the subject of devolved decision-making is separate to that of the funding equalisation between differently resourced areas. That is to say, that local priorities for spending need not necessarily be met solely through locally raised incomes.
9. Lyons points to the recent devolution in Scotland and Wales as positive examples of how differing mixes of services and priorities can be good for an area.
10. The report also refers to "place-shaping", the responsibility for which lies with local government. "Place-shaping" is the term Sir Michael has given to improving the economic, social and environmental well being of an area. The report concludes that local government needs to demonstrably increase its public satisfaction rates and that once local residents and businesses start to be consulted that they will be more enthusiastic about getting involved.

11. The report highlights the debate about the role of local authorities in the local economy. Sir Michael wants the focus of this discussion to move away from being about towns and cities to also look at the economic development of rural areas. The report touches on local government having greater influence over the policies that affect economic development, including transport, skills and housing. He later mentions “greater local discretion” with regards to Business Rates, but doesn’t go so far as to recommend that they be re-localised. Sir Michael briefly comments on the current LABGI system (intended to act as an incentive for economic growth within an area) saying that it is “arguably too complex”. The report also talks about sufficient funding for local government to perform the roles expected of it.
12. Sir Michael makes the suggestion of a contractual model between Central and local government in delivering national priorities, of which Local Authority Agreements (LAAs) may form a basis.
13. The report identifies the following challenges:
  - For Central Government; to allow local government to make these changes and to have the belief in local people that they will use this opportunity wisely
  - For Local Government; the larger challenge is to ensure that some of the recent improvements in local government are more universal. This will require stronger leadership, closer engagement with local residents and businesses together with a commitment to improved efficiency and cost effectiveness.

#### Future Reporting

14. Between now and the final publication of his report to Ministers in December 2006 Sir Michael Lyons will continue to investigate the function and funding elements of his remit. He wants to investigate more flexible funding to allow greater “place shaping” (the use of independent assessment is mentioned and the equalisation of resources versus incentives for local authorities. He will also be looking at the future and role of Council Tax.

#### Issues of interest to Herefordshire from the Report

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  - The case Lyons makes for the rural economy. Could the Edgar Street Grid be used as an example for his work?
  - One of the future steps for the Inquiry is to hold a conference and an expert seminar on local authorities role in economic development. The Council should consider a contribution.
  - In addition to the economic development function, Lyons is looking at potential future roles and funding in adult social services, waste, community policing, public health and children’s services. Expert seminars will be held in each case. Again, the Council should consider its involvement.
  - Given the interest Lyons has in an expanded role for local government in infrastructure [especially transport] provision, skills development and housing provision what would Herefordshire want to change with the existing systems. Can we give examples to the Inquiry of what would improve if our proposed changes were supported?
  - The importance Lyons places on consultation and communications initiatives, which are already high priorities for this authority.
  - The emphasis Lyons places on raising the profile of elected members, especially through websites etc.
  - The LGA reputation campaign that has identified those activities that are

known to have positive impacts on public opinion and which the Council should address through future service plans.

- The importance of a strong reputation for cost effective, high performing, customer focussed services, which can be developed locally through Herefordshire Connects.
- The case for investment in performance management – both people and tools.
- Support for partnerships, the authority should continue to develop the Herefordshire Partnership and moves towards a public services trust including strong governance arrangements.
- The suggestions of new or expanded neighbourhood or parish arrangements designed to build local accountability.
- The emphasis Sir Michael places on improving scrutiny arrangements and the importance of future local elections and member induction programme.
- Consider how Herefordshire can inform and learn from the inquiries desire to make 'backbench councillors' truly frontline ones in future.
- The importance placed on member development programme. The authority should consider work with all parties to address what Lyons sees as the need to develop more local politicians with strategic leadership capacity.
- LAA are seen as a potential, funding model for the future. Herefordshire should make sure the current LAA succeeds to the highest possible degree.
- The importance of high turnouts at local elections and the need to research voting patterns and what can be done to turn non-voters into voters locally.
- Shropshire is one of Lyons nine case study councils. This authority should consider exploring this link.

## **Risk Management**

This report highlights a number of issues upon which the Government may legislate in the next few years. The risks to the Council are that inadequate consideration and planning now may make any future changes more difficult to accommodate.

## **Alternative Options**

To ignore Sir Michael's work and not make Herefordshire's views known on issues of importance locally.

## **Consultees**

No consultation has taken place to date. However this report can be circulated widely amongst partners and Council staff.

## **Appendices**

None.

## **Background Papers**

None identified.