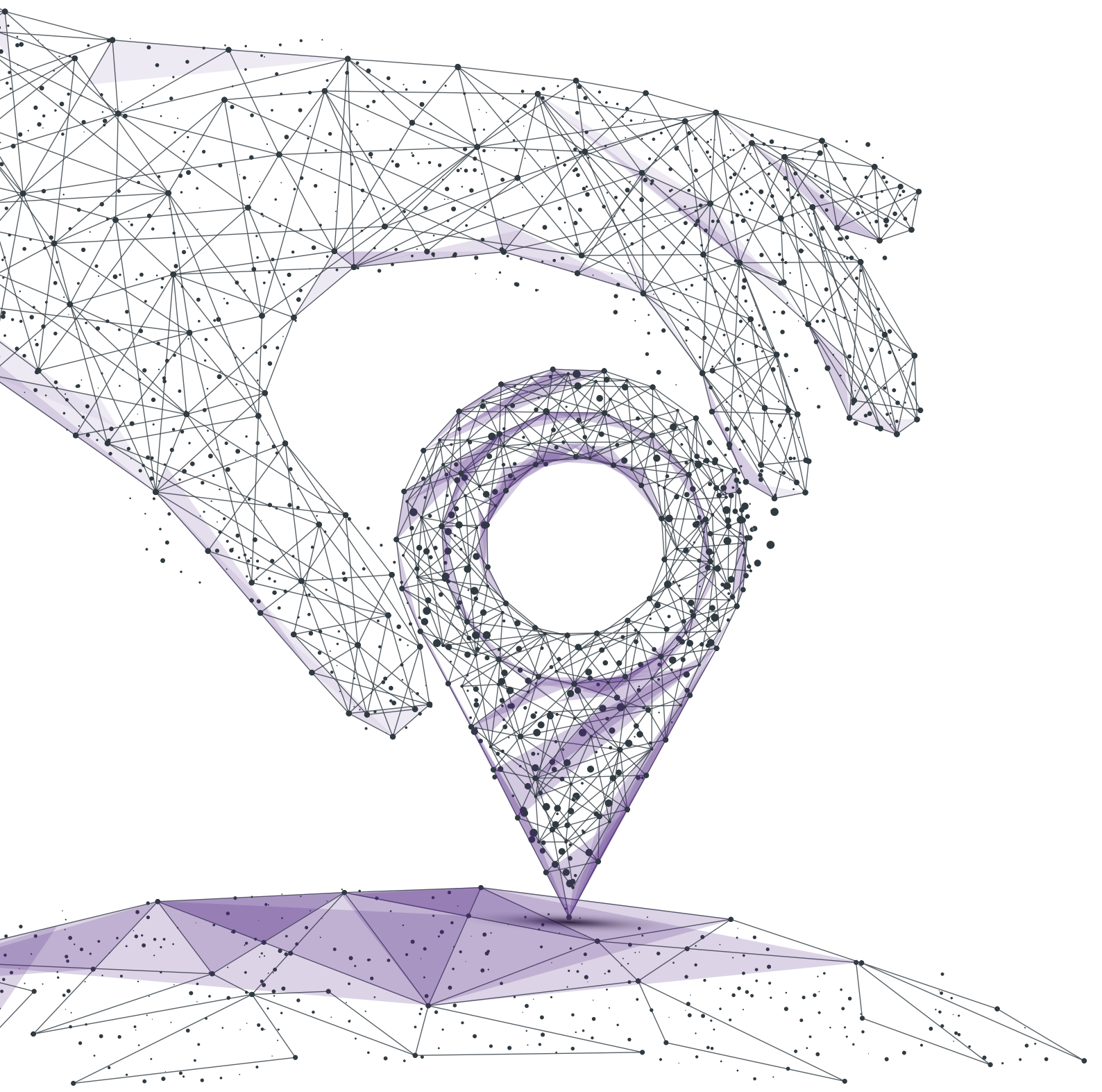


LOCAL GOVERNMENT

Making a difference, proving its worth



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Introduction

It has been an extremely difficult decade for local government. With funding from central government significantly reduced, there has been little option other than to cut the amount spent on many services. In a few areas, councils have run into serious financial problems.

But it has also been a decade of resilience and innovation. A decade in which councils not just made ends meet but grasped opportunities to preserve the quality of services and continue making a difference to the lives of residents.

By demonstrating entrepreneurialism, whether forming commercial enterprises, joining with other public sector bodies or taking over failing amenities, councils remain critical to local communities. In some cases, they are also helping to counter austerity.

Partly as a result of the collapse of Carillion, local authorities are more discerning about outsourcing, either to save money or improve quality. Indeed, some councils are bringing services back in-house, and many others are joining forces and sharing services.

This report is based on the comments of council chief executives and other respected figures in local government.

In many cases, the comments reflect the immediate pressure councils are under, but most interviewees were able to highlight clear examples of where councils are succeeding, against the odds, to protect and even expand services. Some even offered positive visions of the future.

The report looks at the future of local government and its role in the 21st century under five headings – finance, protecting services, the workforce, the scale of local government, and reaching residents. In each case, the outlook is far from certain.

But the report also shows that, having perhaps fared better than expected during the past ten years, most councils can approach the new decade with some degree of confidence and continue striving to make a difference to their local communities.



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The financial conundrum

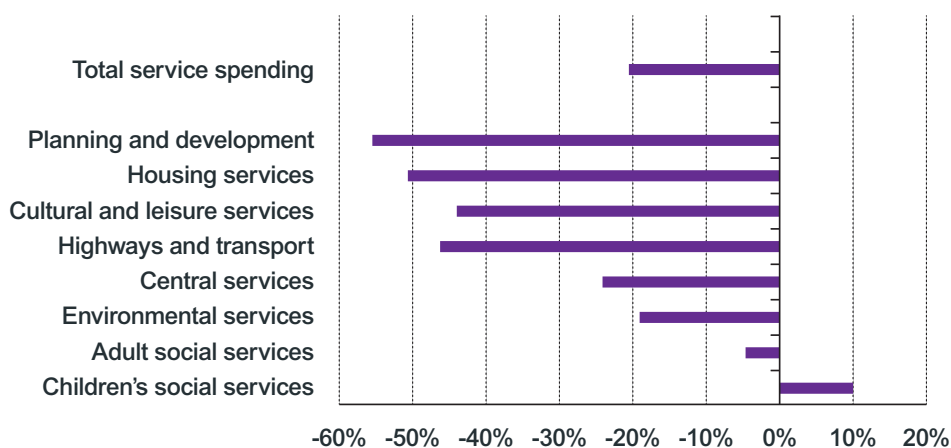
Councils have spent nearly a decade trying to balance budgets following major cuts in income. By 2020, according to the Local Government Association, local authorities in England will have seen cuts of £15bn in core government funding – equivalent to losing almost 60p out of every £1 the government previously provided for services.¹

A recent study into the future of council funding by the Institute for Fiscal Studies (IFS) found that spending on local government services has fallen by 21% in real terms since 2009/10.²

The only area of local government spending that has risen (other than education) is children’s social services.

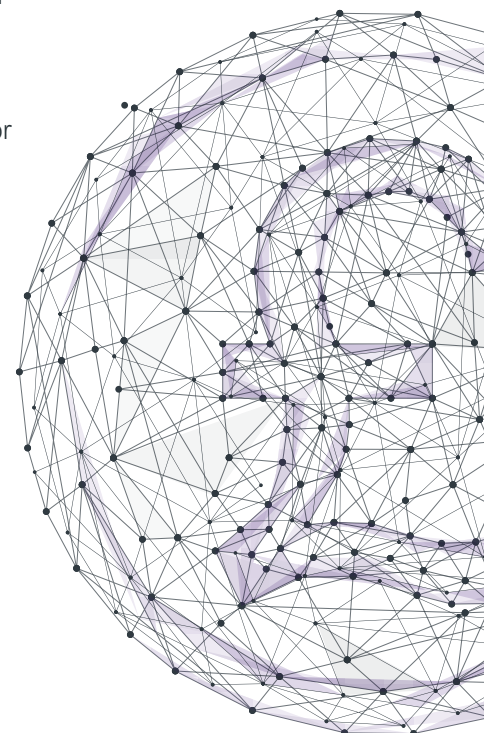
Real-terms changes in local government service spending by service area 2009-10 to 2017-18.

Source: Institute of Fiscal Studies



In the words of John Tradewell, director of corporate services in Staffordshire, local government has been “decimated”, reaching a point where it must reconsider its role beyond providing the legal minimum level of services.

With council tax frozen for the first part of the decade, most councils have looked for alternative sources of income and, in some cases, become more entrepreneurial.



¹ LGA (2019), The 2019/20 Provisional Local Government Finance Settlement, available at: <https://www.local.gov.uk/sites/default/files/documents/Local%20Government%20Finance%20Settlement%201920%20LGA%20response.pdf>

² IFS (2019), English council funding: what’s happened and what’s next?, available at: <https://www.ifs.org.uk/publications/14133>

Taking opportunity: Merton

The London Borough of Merton generates income from parking and other traffic charges and from a council-owned health and safety trading company. The council also has its own local housing company, to generate surpluses that can be used to cross-fund services.

Ged Curran, chief executive in Merton, says he is conscious of the argument that local authorities are “pushing the market” and is generally risk averse when it comes to the council pursuing non-core activities.

A large proportion of council spending is directed towards a small fraction of the population, says Jo Miller, former president of Solace, the professional association for council chief executives and senior managers. This is especially true in children’s services, where a study for the Children’s Commissioner for England found that 47% of the £8.6bn children’s services budget was, in 2016/17, spent on 73,000 children in the care system. This left the remainder to cover 11.7 million children.³

According to Miller, local government must be better at procuring social value from contractors in areas such as waste management. The concept of a ‘social contract’ should be revived, particularly to attract young people, she adds.

The ongoing ‘fair funding’ review of local authority finance and need, being carried out by the Ministry of Housing, Communities and Local Government, is leading to questions over the future of council tax.

Professor Tony Travers, Director of the Institute of Public Affairs at the London School of Economics, points to the inflexibility and regressive nature of the council tax regime. “It would be better if we had more local tax, but HM Treasury will not allow freedoms to local government,” he says.

In future, Travers expects to see more charging by councils. It is possible that people may consent to charges that are regarded as invisible in a way that taxes are not.

Councils must also show they are up to the job, says London deputy mayor Jules Pipe. This means demonstrating they are organisations that deliver results and can justify calling for more government investment in services.

“Local authorities can’t be seen as floundering and [at the same time] making the case for greater investment,” he says. The message must be ‘we want to achieve XYZ’, with councils clear on how extra funding will be spent. “The resilience of the local government community is remarkable,” adds Pipe.

³ IFS (2018), Public Spending on Children: 2000 to 2020, available at: <https://www.childrenscommissioner.gov.uk/wp-content/uploads/2018/06/Public-Spending-on-Children-in-England-CCO-JUNE-2018.pdf>



Protecting services

Councils have spent much of this decade striving to protect frontline services by whatever means possible.

In some cases, this means rationalisation such as authorities sharing services or merging teams to deliver multiple services.

Showing resilience: Hackney

Instead of different staff patrolling the same neighbourhoods, the London Borough of Hackney brought its enforcement officers together into a single team. Wardens now report on everything from fly-tipping to broken paving, along with parking issues and anti-social behaviour.

At the same time, environmental officers impress on businesses the need to improve food hygiene – reducing the time officers spend carrying out food inspections.

The result? Surveys carried out by Hackney each year for the past 16 years show that net customer satisfaction with council services has risen from -41% to +72%.

More than 90% of residents are satisfied with the area where they live, confirmed a senior council officer. The problem is that many people fail to make a direct connection between the satisfaction they feel with their neighbourhood and the work of the council.

Many local authorities have set up companies in housing and other fields. At the same time, there is less outsourcing with some councils (possibly in response to the collapse of Carillion) tending to bring services back in-house rather than outsource to the private sector.

Barking and Dagenham owns a housing company, Reside, as well as Be First, a company for planning and regeneration. Council chief executive Chris Naylor says there is no appetite to outsource services.

“The trading companies are all commercial organisations and have no politicians running them,” says Naylor. “The council manages its relationship via shareholder committees and through service contracts, so these organisations have the freedom to develop their businesses.”



There has also been a marked increase in local authorities purchasing land or property, sometimes adjacent to existing council-owned property. According to the Ministry of Housing, Communities and Local Government, councils spent £4bn on commercial investment in 2017/18, up from £2.8bn the previous year and less than £1.2bn in each of the previous three years.¹

Taking opportunity: Chorley

Chorley, a borough in Lancashire, steps in to preserve services and amenities even where they lie outside the normal role of a district council. This includes purchasing the town's shopping centre and subsidising rural bus services.

Gary Hall, Chorley's chief executive, says the council "is not here to manage the decline of public services" and seeks solutions through a pro-active approach. The council has detailed plans for resourcing and delivering each major project. Staff, he adds, are motivated by the council's response to austerity as it means they find their work more interesting.

Chorley only invests in property if it is confident of making a return. It would never invest outside the area as this would not support the authority's role as a place shaper, says Hall. "The nature of retail in town centres is changing and the council, as a leader in the area, needs to lead this," he adds.

¹ MHCLG (2018), Local authority capital expenditure and receipts, England: 2017-18, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/748292/Local_Authority_Capital_Expenditure_and_Receipts__England_2017-18_Final_Outturn.pdf

Attracting the best workforce

In spite of cuts in services, local authorities must continue attracting and retaining skilled and motivated employees. This means the sector must embrace both an older and more diverse workforce, including senior post holders.

By 2022, three of the five-strong senior leadership team at one London borough will have reached retirement age.

There are also real concerns that local authorities will be unable to attract skilled workers in the construction industry for the anticipated increase in house-building now that local authority borrowing caps have been lifted.

A senior council officer of Hackney Council, suggested the council should consider upskilling unemployed people to provide maintenance services. Recruitment and retention affect areas such as health and social care in particular, with the risk that staff may be lost to neighbouring London boroughs if Hackney is rated poorly.

Hackney provides benefits such as discounted sports memberships, loan schemes to pay off high-interest credit cards and a rent deposit scheme.

Retention is easier than recruitment, particularly given the high property cost in London. "There are also issues of staff joining together to rent three-bed properties which then takes them out of the general market. That is why the council needs to look at providing more accommodation through cross-subsidy" the senior officer added.

Moreover, there is a feeling that working for a local authority should be regarded as a positive career choice, especially for younger people. Niall Bolger, chief executive of the London Borough of Hounslow says "many young people are not attracted to a career in public service. Local government is wrongly perceived by many young people to be boring."

Values and purpose: Staffordshire

John Tradewell strongly believes councils can be the employer of choice. Salary is important, says Tradewell, as is flexible working.

"Even though we can't always guarantee the best salary for our staff, our advantage is that, as a local authority, we are a value-led organisation," says the director of corporate services at Staffordshire County Council. "[O]ur work involves directly implementing values and this is a motivational factor for future employees," he adds. "Staff believe in what they are working for which is to help the achievement of local and community goals."

Less local government, better local government

The number of local authorities in England is a growing concern to people working in the sector. There is also an aspiration to make local government less politically polarised, say senior council staff, and to work more closely with other public services – notably the NHS.

In Staffordshire, there are 24 local public service organisations – ten local authorities, 12 NHS trusts, plus police and fire authorities. Andy Burns, a former president of the Chartered Institute of Public Finance and Accountancy, says the different tiers of local government is complicated, with too many funding pools, and confusing to the public and council officers.

It is unrealistic to sustain 33 borough councils in London, says one chief executive. Another believes there are not just too many boroughs but also too many councillors. Worse still, some councillors merely use local government as a ‘stepping stone’ to becoming an MP, which only serves to make councils more politicised and perhaps reduces public trust.

More unitary councils are inevitable, say senior figures outside London, with more streamlined local government leading to councils providing more services over a wider geographical area. In Lancashire, Chorley Council argues that a unitary council would be more accountable locally and would also lead to better overall decision-making.

Simon Edwards, director of the County Councils Network, says the UK cannot afford to sustain a two-tier system of local government. He advocates moving to larger strategic authorities with local decisions devolved to area boards and parishes.

There is also the question of relations between councils and the NHS. Some council chief executives see the amount of money being diverted towards the NHS as being at the expense of council services.

Local authorities, says Edwards, are too often seen as poor relations of the NHS, in terms of funding and public perception. Councils not only need to bring adult social care under control but to tackle children’s social care, which in some areas is more of a challenge.

In some areas, such as Northamptonshire, local government reorganisation has come about due to necessity. There has also been major rationalisation of councils in Dorset, with district councils tending to disappear in favour of unitaries.

Jules Pipe, deputy mayor of London, says: “I believe in smaller tiers of local government but the ways the districts are currently configured is not the best way to arrange things.”

Reaching residents

Community focussed local government has a key role to play in demonstrating the importance of voting and participating in politics, sometimes to an electorate that is sceptical of national politics. In doing this, councils can help tackle the perceived 'democratic deficit' and general disillusionment with politics and politicians.

To some extent this means showing, in Hackney and elsewhere, that the quality of life in local neighbourhoods is partly down to the quality of council services.

Jo Miller, former president of Solace, believes that the UK is beyond representative democracy and should be moving towards participative democracy. This would mean communities are invited to contribute to solutions based on proper briefings and sharing of facts. Technology, she adds, enables councils to do this more easily.

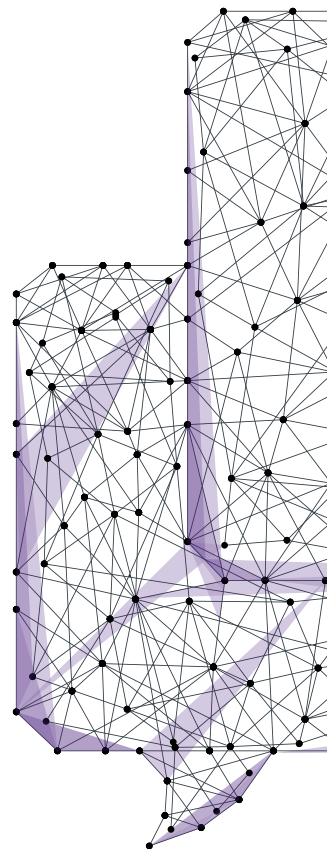
Simon Edwards, director of the County Councils Network, says local authorities have the potential to empower citizens. "If councils had more freedom and more devolved power, it would also be easier to get more public engagement," he says. "That engagement could feed back into the political process, including the development and allocation of budgets."

Persuading under 30s to take more interest in local government, as well as politics in general, is critical to engaging more people in the democratic process. If that were to happen, the results could be significant. The millennial generation, seems to have more of a sense of social justice than older generations and local government could perhaps tap into this, noted a senior council officer from Southwark.

But how can councils generate this interest and persuade residents of all ages to set aside their cynicism and recognise councils can be a force for good? Some councils have youth mayors and youth parliaments, but their effectiveness can be limited.

Values and Purpose: Camden

The London Borough of Camden has introduced theme nights at council meetings, including 'loneliness and social inclusion', which are well reported by local media, who are generally interested in council affairs. "You engage better when people are interested in the subject matter," says Andrew Maughan, borough solicitor in Camden. "The engagement must be relevant to them."

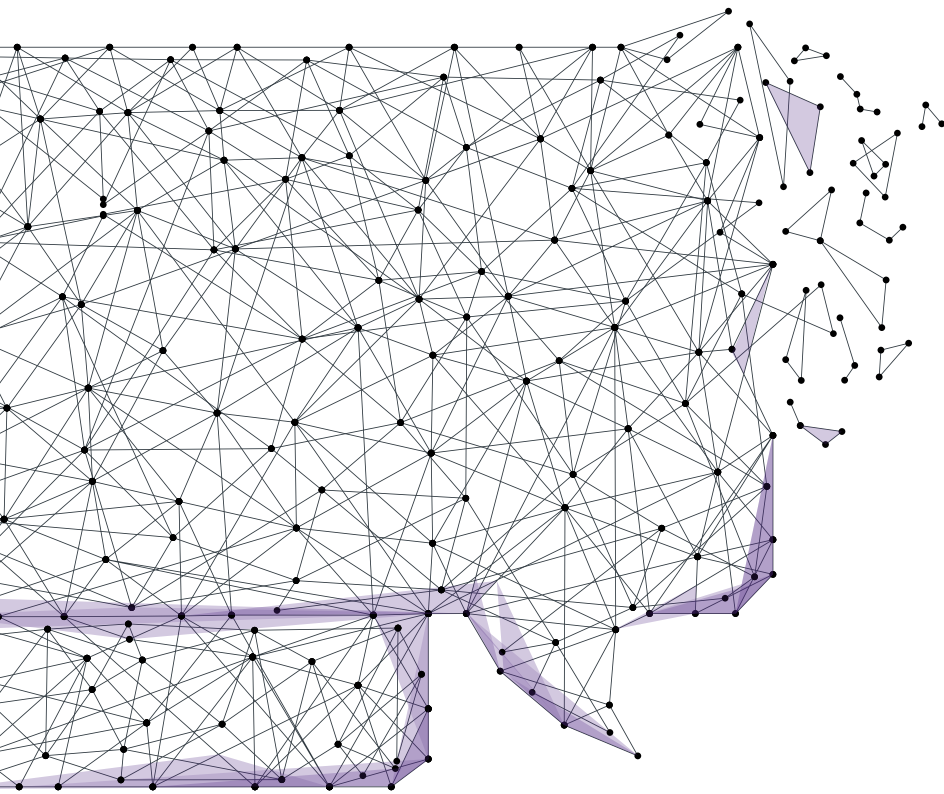


Councils are also at the forefront of raising awareness of climate change with approximately 150 local authorities having declared climate emergencies.¹ Most of these are now in the process of drawing up action plans for reducing or eliminating carbon emissions in their areas.

Some councils have set a target of becoming carbon neutral by 2030, twenty years sooner than the date set by the government. Among those at the forefront of efforts to tackle climate change is Oxford, which is setting up a citizens' assembly to discuss ways of reducing carbon emissions.²

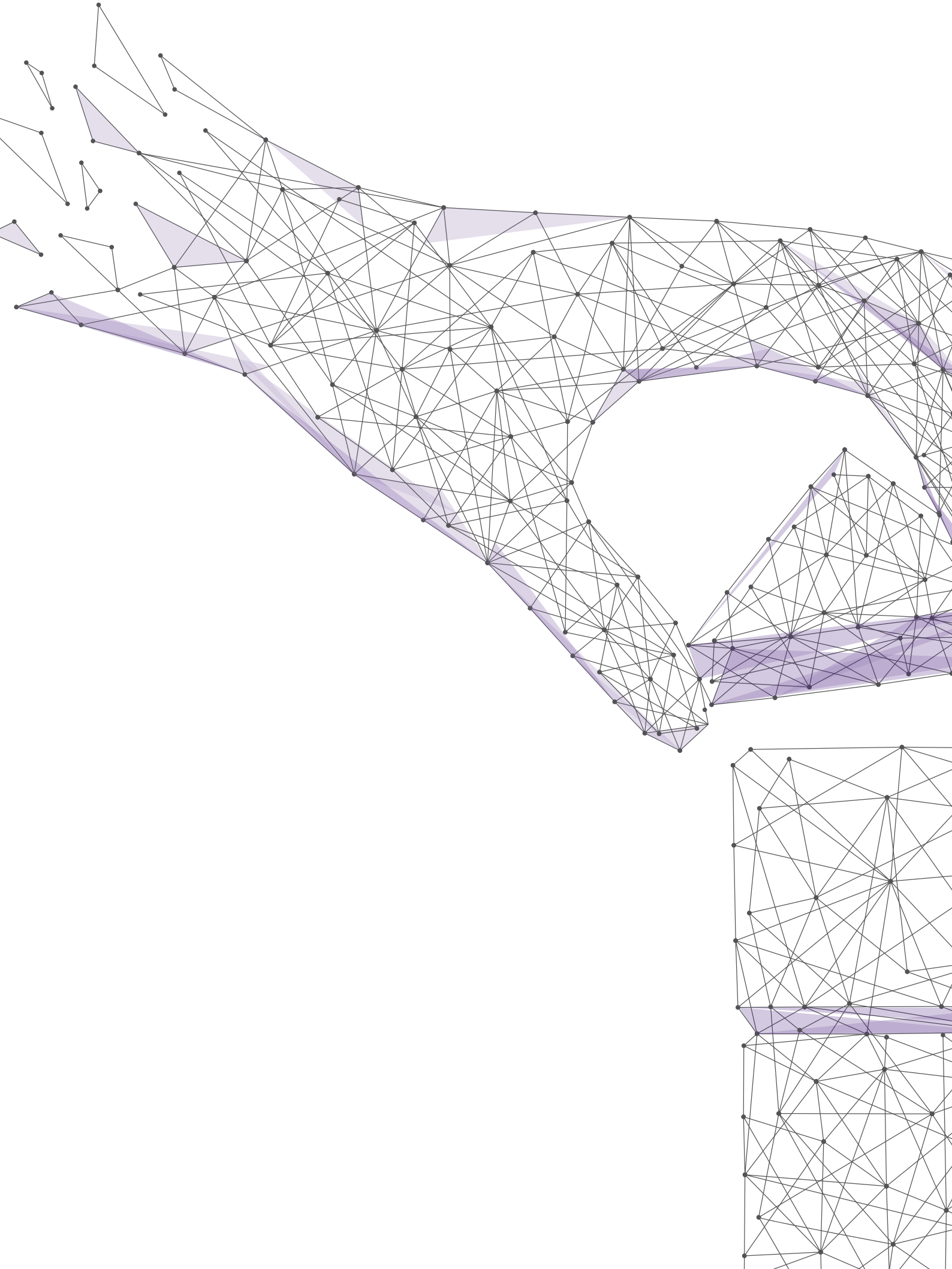
Professor Tony Travers, meanwhile, sees public confidence in politicians being corroded by the way that structures impede debate. Ministers are happy to blame councils for the quality of services, he says, arguing that local government should reduce costs.

Rather than overseeing the “orderly management of decline”, local government must argue for more money, even if higher public spending means higher taxes, he says. Otherwise, warns Travers, the failure of local government will end up on the shores of Whitehall and the outcome is unlikely to inspire much public confidence in politics and democracy, either locally or nationally.



¹ Climate Emergency, full list of councils declaring a climate emergency, available at: <https://www.climateemergency.uk/>

² Oxford City Council to establish UK's first citizen's assembly to address climate emergency, available at: <https://www.oxford.gov.uk/news/article/1064/oxford-city-council-to-establish-uk-s-first-citizens-assembly-to-address-climate-emergency>



Conclusion

So does local government have a future or, as Tony Travers warns, is it destined to oversee the “orderly management of decline”? Examples highlighted in this report suggest local government does have a future and that, in general, councils have survived the decade better than what might have been anticipated five or six years ago.

Of course, there are large challenges and money will remain tight for the foreseeable future. But that does not mean local authorities are unable - or unwilling - to tackle problems head on. In doing so, they are demonstrating resilience, innovation and, where required, entrepreneurialism.

Besides finance, one of the biggest areas of focus is attracting and retaining staff. Skill shortages may hamper the rebirth of house-building by councils, while there is a major challenge in convincing people of all ages that local government is a strong career choice.

There is also the democratic deficit, with Brexit and other problems leading some voters to believe that politicians cannot make an effective difference. But even here, there are indications that councils want to engage with residents of all ages, especially under 30s.

If there is to be a rebirth of local government it may well take the form of fewer councils, with more streamlined authorities taking charge of services over a wider area. There is also a strong argument for more regional, strategic, government.

Perhaps this can build on the work of combined authorities that, working with directly elected mayors and bolstered by devolution deals, are bidding to take on a wider role in areas such as transport.

Beyond that, as examples in this report show, when the pressure is on councils can respond effectively and perhaps defy the odds.

It will not always be an easy ride but, as we move into the 2020s, there are clear signs that local government not just has a future, but has one that presents opportunity and allows it to reconnect with voters in local communities.

By pledging to become carbon neutral, and in some cases significantly sooner than the government’s target date of 2050, councils are not just showing resilience and innovation but also a steely determination to continue overcoming obstacles and thereby making a real difference to the lives of residents.

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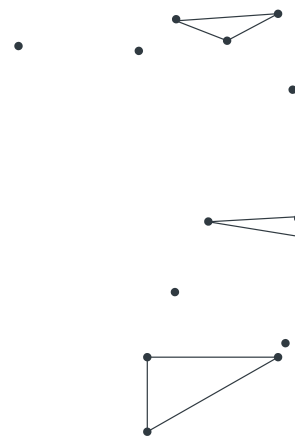
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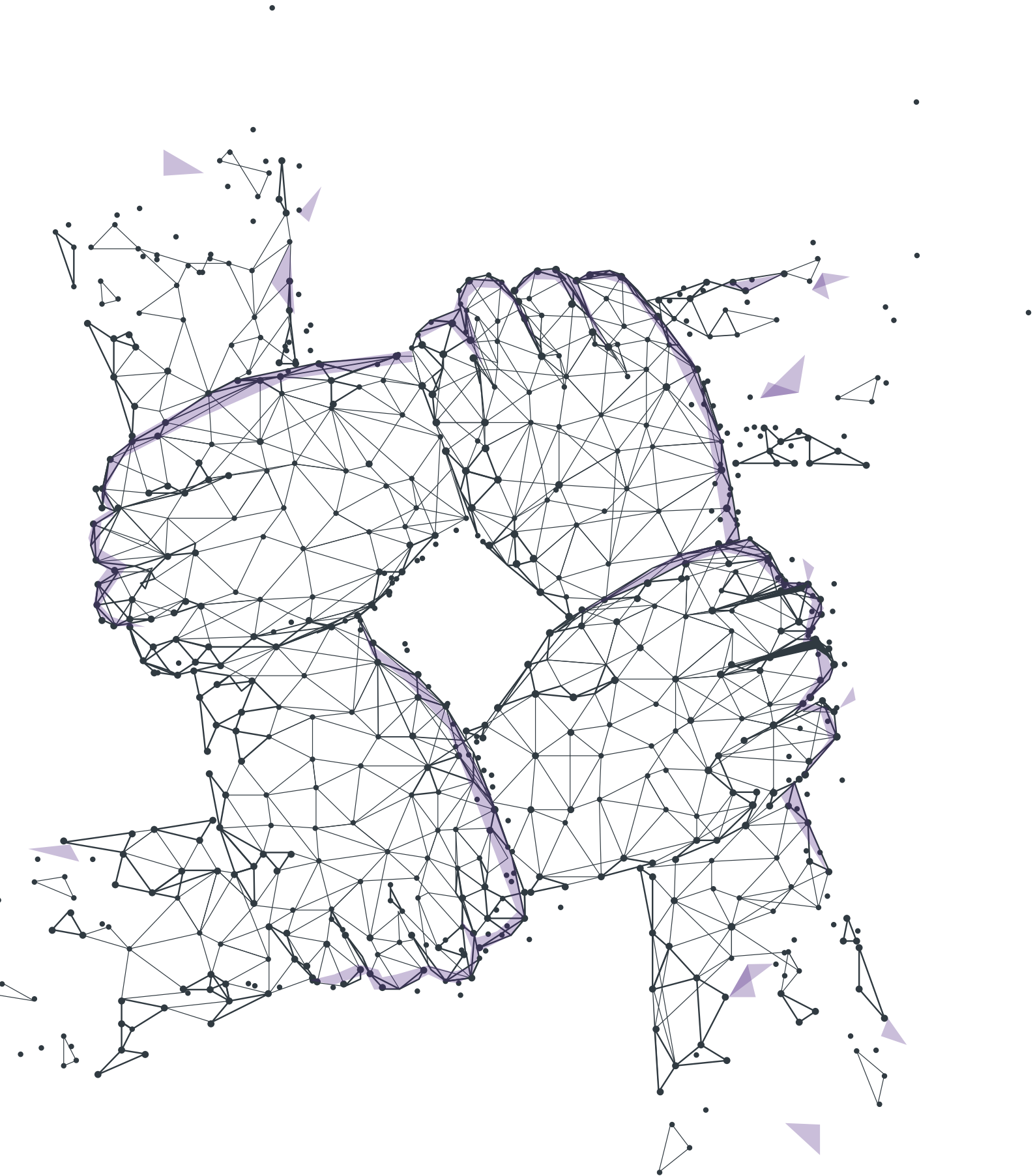


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