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bulletin

Local governance: where next?

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Context

The recent policy debate and referendum around directly elected mayors made me think back to one of the first publications I contributed towards at CLES, which was entitled '*Tackling social exclusion: what difference can city regions make?*'¹ In that publication, we encountered a policy agenda focused upon developing new governance mechanisms, structures and leadership in places, in the form of city regions. The focus of the Government was very much upon form and leadership; get the leadership right and democratically accountable, and powers and funding will flow from central government towards localities.

CLES would argue that this focus upon form is continuing in the policies of the Coalition Government, particularly in the nature of directly elected mayors. Instead of the focus upon form, we feel a pre-requisite of leadership, governance and structure must be an understanding of the function of place and the roles different stakeholders can play in changing the relationships between them, as recommended in the aforementioned publication.

Relationships need to be between the centre and local when it comes to place making and determining who needs to play a role at the local level. Do we need a local figurehead or do we just need more mature relationships? Can we have one size fits all approaches to economic governance? Are certain mechanisms of governance just suited to particular types of place? In this Bulletin, we explore governance mechanisms around the following relationships:

- **local governance** – what has been the outcome of the mayoral debate and what powers do local authorities have when it comes to place making?
- **local/local** – how are Local Enterprise Partnerships and other city or sub-regional structures influencing place making?
- **local/central** – what is the central understanding of place and where does change need to be implemented?

Local governance

The directly elected mayor debate is not a new one to local government in the UK; indeed the process culminating in the ten mayoral referendums on 3 May 2012 commenced 21 years previously in 1991. The then Conservative led government, mistrust and diminished value placed upon local government by central government, led to Michael Heseltine, the champion of urban areas, to call for elected mayors to be instated in order to improve the calibre of local leaders and enhance democracy at the local level. Despite this rallying call, it was a further eight years before the Greater London Authority Act² was legislated for, particularly the creation of the Mayor of London.

¹ Centre for Local Economic Strategies (2006) *Tackling Social Exclusion: what difference can city regions make?* <http://www.cles.org.uk/wp-content/uploads/2011/01/Tackling-Social-Exclusion-What-Difference-can-City-Regions-Make.pdf>

² HM Government (1999) *Greater London Authority Act*. <http://www.legislation.gov.uk/ukpga/1999/29/contents>

The emerging Labour Government also championed mayors, with the Local Government Act 2000³ providing local authorities with the opportunity to consider an elected mayor and cabinet as a model of leadership, alongside more traditional leader and cabinet models. Despite the legislation, only fourteen local authorities have taken advantage of the opportunity to develop a mayoral model of leadership, probably down to the realisation that it constituted very few real and further powers for places, and was not that distinctive from a leader and cabinet. Indeed, the 2007 Local Government and Public Involvement in Health Act⁴ further diminished the differences.

The election of a Conservative Liberal Democrat Coalition Government in May 2010 reinvigorated the political debate around mayors, particularly with the notion of localism given such prime policy billing by the Coalition. The Localism Act 2011⁵ gave the Secretary of State for Communities and Local Government the power to instigate mayoral elections in any local authority. The Coalition saw it as an opportunity to improve growth in northern cities and deployed referendums in twelve cities in 2012.

The mayoral debate has been closely followed and commented upon by a number of think tanks and research organisations over the last twenty years, particularly over the last twelve months. The Institute for Government, Centre for Cities, IPPR North, New Local Government Network and others have all sought to understand the value of directly elected mayors, notably at the city regional or metro geographical level. Their findings can be summarised as follows⁶:

- **decisiveness** – mayors help local authorities to be quicker and make more decisive decisions in the policy making process;
- **representativeness** – mayors help local authorities to be a representative for business, both locally and centrally;
- **partnership** – mayors provide a representation for place and not just for a local authority. Their representativeness spans potentially across the public sector and business sector;
- **democratic connectivity** – mayors are visible and recognisable to the electorate;
- **powers** – mayors have greater potential to open the centralised nature of powers in the UK, and bring greater decision making and resource to localities.

The mayoral referendum offered a mixed bag of results in relation to the desire for directly elected mayors. In Liverpool and Salford (two local authority areas which had already voted for an election to take place), two left facing mayors were elected. In ten other local authority areas, a referendum was undertaken as to whether there should be an opportunity to vote for a local authority level directly elected mayor. A resounding nine of those authorities suggested 'no', with the exception being Bristol.

We would suggest that the following lessons can be learnt from the mayoral referendum.

Electorate lack of understanding

The turnout for the referendum on directly elected mayors was particularly poor, with the local government elections not much better. In Bristol, just 24% of the electorate turned out to vote. This democratic deficit points towards two things: a real mistrust and lack of value in the democratic process; and a lack of understanding of the purpose of the referendum and the role of elected mayors within place.

A correlation between political leadership and mayors

Bristol, the locality which voted 'yes' to a vote on an elected mayor, albeit with a small turnout, has been subject to a series of political changes over the last ten years. Control of the Council has switched from Labour to Liberal Democrat minorities and now to a hung council. Associated with this has been six different Council Leaders in the last decade. It can therefore be argued that an elected mayor model will bring much needed leadership to places where there has been political change.

³ HM Government (2000) *Local Government Act 2000*. <http://www.legislation.gov.uk/ukpga/2000/22/contents>

⁴ HM Government (2007) *Local Government and Public Involvement in Health Act 2007*. <http://www.legislation.gov.uk/ukpga/2007/28/contents>

⁵ HM Government (2011) *The Localism Act*. <http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

⁶ Drawn from: Institute for Government (2011) *What can elected mayors do for our cities?* http://www.instituteforgovernment.org.uk/sites/default/files/publications/publication_mayors_and_cities_signed_off.pdf

Powers are more important than structures

The mayoral referendum continued the Government's approach to economic recovery being upon leadership and economic growth as opposed to place. For local authorities, structures are not as important as powers to actually deliver activities and change, and the relationship within place and the centre which stimulate this change. The mayoral model is fine where it is encompassed within a wider model of devolution of power, tax raising and spending powers. Where it is not as effective, is when it comes without these.

Authorities need to use the general power of competence

The general power of competence was introduced in the 2011 Localism Act and gives local authorities the freedom to do 'anything that individuals generally may do'. Effectively, it gives local authorities an explicit freedom to act in the interests of their voters and not be hindered by the need to refer to specific legislation or seek central government approval. Local authorities need to engage with their communities, understand what they would like changed, understand whether there is capacity and resource to instigate change, and understand whether the change is within the remits of law. The NLGN⁷ suggested a number of ways in which the general power of competence could be utilised to stimulate local economic change and closer relationships between communities and local government, including:

- offering banking, insurance and credit to local businesses and residents;
- engaging in new trading activities to sell products and expertise, such as energy provision;
- playing key roles in establishing social and community enterprises.

Local/local relationships

The development of city and sub-regional governance mechanisms has been evident in England over the course of the last ten years. This has come with recognition that perhaps the best geographical level to address economic challenges is the natural economic geography, hence cutting across local authority boundaries. Despite policy documentation championing city regions and strategy in the form of Multi Area Agreements, the majority of city regional development has been organic, building upon existing cross boundary collaboration, relationships and networks.

In the most effective city regions, the drive for strong and stable governance has largely come from the public sector, but with associated engagement and relationships with the commercial and social sectors. Some localities have formalised arrangements, such as Greater Manchester where a combined authority has collective powers for all local authorities in Greater Manchester over issues such as transport and economic development, hence providing coherence and a joined up approach.

The Coalition Government has continued the approach of city and sub-regional governance, but with a much greater emphasis placed upon the private sector as the drivers of partnership; and upon economic growth as the primary outcome for place. The challenge around emerging sub-regional vehicles, such as Local Enterprise Partnerships, has been the lack of associated powers to actually deliver change, the immaturity of some partnerships and relationships, and the lack of focus upon key social issues within place. We would suggest that the key lessons learnt from the natural economic approach to place making are:

Economic place making cannot be 'one size fits all'

Whilst parts of some localities, particularly cities, have been subject to economic growth over the last ten years, and local authority leaders have been able to respond to recession and other economic challenges, others have not. Growth has been uneven across and within cities, with localities having varied and specific challenges. The response can therefore not be a 'one size fits all' leadership model through an elected mayor, combined authority or Local Enterprise Partnership, but a model that is relevant to the economic demands and challenges facing place. The Government needs to recognise this need for economic localism in place making. If national economic growth and output is to increase, localities need the flexibility to be able to respond to locally defined challenges.

Localities need to review the economics of place

Responding to economic and environmental shocks requires a collaborative and joined up approach across sectors and functions. It also requires evidence of why localities are growing at a slower pace than others or not growing at all, and evidence of what works in tackling complex challenges. Local authorities should therefore review the economics of place, identifying: key challenges; who contributes to local economic growth; what the role of various stakeholders are; and how they work together now and in the future. Any review of the economics of place also needs to embed assessments of social exclusion, poverty and the role of voluntary and community sector actors in the function of place.

⁷ New Local Government Network (2010) *Going Nuclear? A general power of competence and what it could mean for local communities.* <http://www.nlgn.org.uk/public/wp-content/uploads/Going-Nuclear1.pdf>

Local/central relationships

One of the key issues which appear to have slipped through the net of Coalition Government policy making is the management of relationships between the central and local state. Whilst the stripping away of nationally defined Public Service Agreements and Local Area Agreements is a welcome reduction of bureaucracy, there has to be some mechanism of central to local relations and understanding of the challenges of place.

Our concern is that in the rhetoric of localism and the decentralisation of powers, there is an insufficient understanding centrally and cross departmentally of place. Anecdotal evidence suggests that central government does not understand the mechanics of place and the challenges facing different geographical areas. There appears to be a continuation of silo working, with local authority and sub-regional asks of central state needing to be pitched multiple times to different departments and ministerial teams; and worryingly, there appears to be a constant pre-occupation with economic growth and job creation without an associated understanding of the ability of places to respond or indeed grow at all. We would suggest the following needs to be considered in future local/central relations:

Localities need to use existing structures to shape local/central relations

The relationship between the local and centre over the last ten years has been one of performance management and targeted reporting through Local Strategic Partnerships and Local Area Agreements. These partnerships and emerging mechanisms, such as combined authorities and Local Enterprise Partnerships, have been effective in drawing together partners from across the public, business and social sectors to shape strategy. These structures are in place, maturing and need to be more bullish in their relationship with central government – harrying for powers, seeking bureaucratic reductions and demonstrating challenges.

Localities need to use city deals to make innovative and creative asks of government

The Government has signalled their intention to use cities as the catalyst for economic recovery and growth in the '*Unlocking growth in cities*'⁸ policy publication. The publication talks of the Government working with cities to agree 'city deals', agreements that will enable cities to do things their way. Cities must be prepared to be innovative and creative in their ask of government, and go beyond the 'bold' options detailed in the policy publication. Economic recovery is about far more than business rate breaks, inward investment incentives and broadband; it is about understanding the economics of place and empowering communities and wider organisations, including the voluntary and community sector, to take advantage of change.

Central government needs to become more locally aware

The biggest issue potentially facing localities is the lack of central government understanding of place. The role of the Department for Communities and Local Government has been scaled back, leaving a lack of joined up and cross departmental approach to the relationship with localities. Central government must 'get' place if legislation, such as the Localism Act and the Social Value Act, are to reap change in our places. There needs to be central government representation in places such as that provided through the Community Budget Pilots, particularly the Troubled Families Team.

Conclusion

The Government's great hope for stronger and more democratic local leadership has been extinguished. The referendums upon directly elected mayors, like its predecessors around directly elected regional assemblies and electoral reform, have been met with a resounding 'no' from the electorate. This is a significant blow to the Government, who have shaped their economic recovery policies around growing localities and cities in particular, with a pre-requisite that localities have strong visible leadership in exchange for power.

This Bulletin has sought to address the issue of form over function by debating that place making needs to be far more based upon identifying the challenges facing place and not obsessing over leadership as a route to power. As way of conclusion, we offer the following thoughts as to where local governance goes next:

- localities need to understand the dynamics of place, thinking about the function of place and the roles and responsibilities of different stakeholders;

⁸ HM Government (2011) *Unlocking growth in cities*
http://www.dpm.cabinetoffice.gov.uk/sites/default/files_dpm/resources/CO_Unlocking%20GrowthCities_acc.pdf

- localities should not try to shoehorn place into different governance models, instead adopting the model suitable based upon local circumstances;
- localities should take advantage of the opportunities presented by the General Power of Competence and the 'city deals' as a way of overcoming barriers to power;
- localities should lobby for a better central government understanding of place; and hence decentralisation of powers.

Bulletin is one of a series of regular policy reports produced by the Centre for Local Economic Strategies (CLES). CLES is the leading membership organisation in the UK dedicated to economic development, regeneration and local governance. CLES undertakes a range of activities including independent research, events and training, publications and consultancy. CLES also manages the monthly New Start digital magazine, through its new CLES online service, which provides comprehensive analysis and commentary on current policy and good practice.

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