



Are local freedoms at risk?

Devolved powers to local authorities are at risk due to Brexit, capacity pressures and accountability, says **Dr Laurence Ferry**

As part of the 'devolution revolution' the UK central government devolved a general power of competence to English local authorities under the Localism Act 2011. In theory, local communities should have a greater say in the running of services as central government transfers control but, in reality, their power is being seriously diminished.

It is through a concoction of growing financial pressures, depleting cash reserves (likely to intensify in future years), the creation of new bodies, the pressure for greater privatisation and outsourcing of public services, which question the role of 'old fashioned' councils that directly deliver services.

As local government suffers from financial sustainability issues and the running of more public services are taken over by private companies and volunteer services, it is only right that we question how the longer-term implications of the changes afoot in local government will affect accountability and long fought for values of freedom.

Brexit

Firstly, the historic Brexit vote for Great Britain and Northern Ireland to leave the European Union will lead to a return of powers from the EU headquarters in Brussels and back to Westminster.

How powers are then devolved from central government to citizens through local authorities will be an issue.

This is likely to have a big financial and service impact on local government, along with significant political implications.

For example, a new prime minister and cabinet ministers are likely to now have very different priorities than Mr Cameron's Conservative government on things like devolution given the obvious questions hanging over the devolved administrations in Northern Ireland, Scotland and Wales following Brexit.

Limited capacity of local government

Continuous austerity cuts to funding means the capacity of local government is limited, removing its real ability to make use of supposed powers and raises pertinent questions on how to tackle region-specific social problems.

The localisation of business rates and removal of equalisation measures, plus spending power and cash

differences in resource allocation, has meant a transfer of funding towards more wealthy areas. The capacity to exercise freedom may therefore not be equal across local authority areas.

Are these changes sustainable?

There is a serious concern about whether changes from both a financial and service perspective will be sustainable.

The statutory requirement to set a balanced budget has undoubtedly led local authorities to prioritise controlling expenditure. Nevertheless, a more creeping risk has begun to materialise in the form of systemic service failures resulting from a lack of funding and requiring some form of central government intervention. It is most likely that hardships in such service areas have caused a knock on effect in the NHS with the elderly impacting accident and emergency departments to the point of crisis.

Question of accountability

As services become more privatised and outsourced in an attempt to address capacity issues, how can citizens hold the new institutional arrangements accountable?

From 2010 to 2015, the Conservative-led coalition government under their policy of austerity localism specifically introduced measures to support outsourcing. Outsourced public services almost doubled from £64bn to £120bn in five years, with the UK outsourcing market being the second largest after the US.

Although an increase in outsourcing seems inevitable, there is no conclusive evidence suggesting this trend is beneficial and issues of commercial confidentiality and changes to organisational structures can make it more difficult to assess the value of these services.

Special purpose vehicles

In response to financial pressures and to build capacity, many authorities have established special purpose vehicles for the governance, delivery and funding of services that are often at arm's-length.

There is a lack of understanding about the different types of special purpose vehicles which exist, as well as how they

function and interact with local councils and other public bodies. Once again the problems for accountability are exacerbated through the complexity of structures and potential commercial confidentiality issues that may result.

Measurement of success

Concerns exist over how the success of local authorities across different regions can be compared as measuring methods afforded by previous centralised performance assessments have been removed. Since 2011, the Audit Commission has been abolished and the comprehensive performance management frameworks scrapped.

The National Audit Office has taken over the overall assurance around financial sustainability and value for money commentary, but this does not analyse the performance of individual local authorities.

An increase in data under the transparency agenda has also not led to armchair auditors significantly challenging local authorities on their performance. So while local authorities have greater freedom from bureaucracy, it is impossible to determine whether devolved services are more effective or ensure they are delivering on the freedoms promised by devolution and localism.

Call for review

The power of competence which devolved power to make decisions has been somewhat curtailed by capacity issues in English local government and the freedoms emanating from localism may not be materialising to expected levels.

Fundamental questions around capacity and funding still seem to be far from answered and Brexit has only further clouded (if not fundamentally altered) the issues surrounding devolution, funding and investment.

There is now a need for a fundamental review of local government and its funding along the lines of something approaching the Layfield Committee in the 1970s with local government having a seat at the decision-making table to voice concerns around power, capacity and local freedoms. ■

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