

**“A post card from the UK”
some thoughts from the
Lyons Inquiry**

*Local Government New Zealand
Conference 16th July 2007*

Sir Michael Lyons

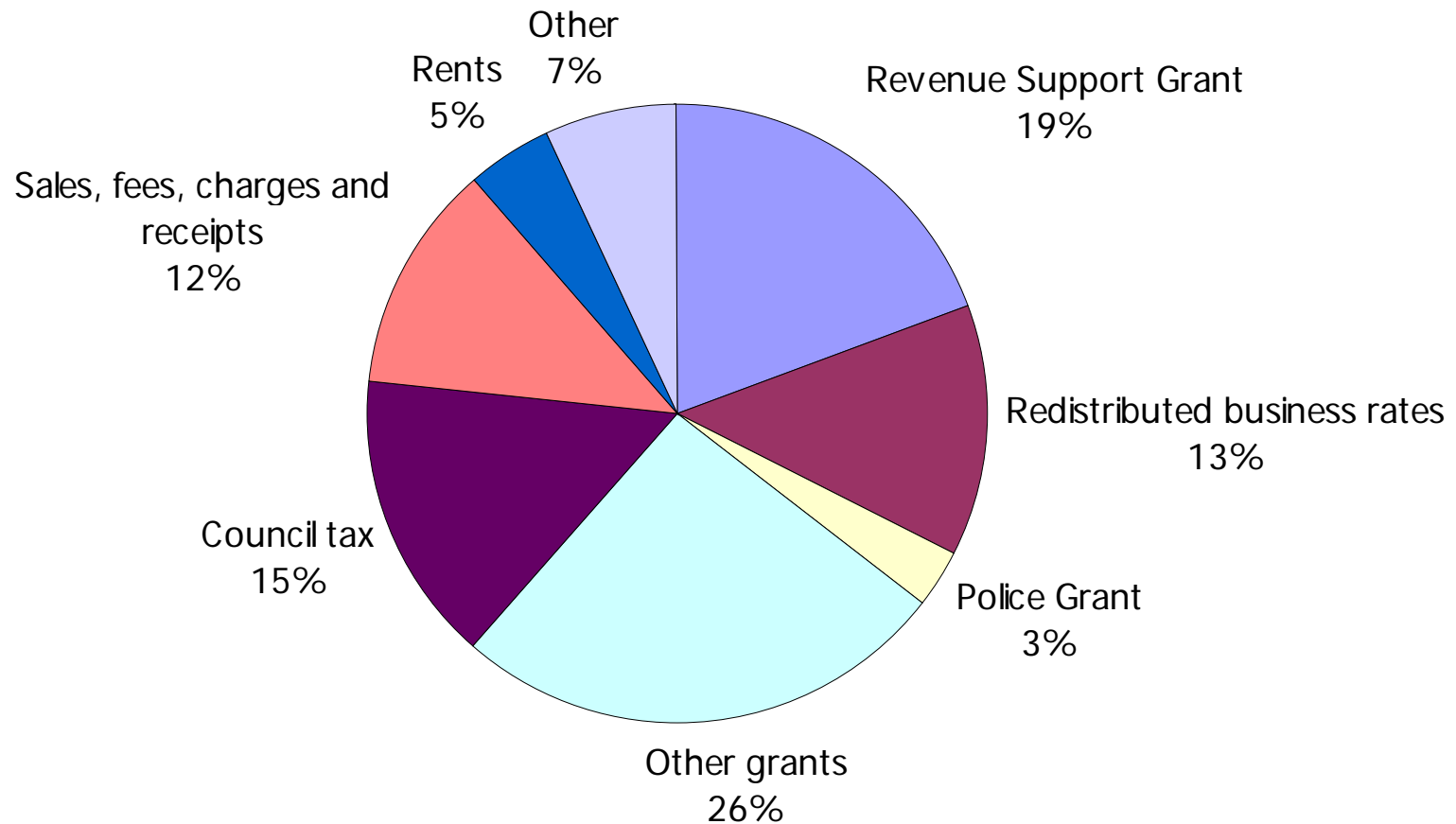
Background and context

- Lyons Inquiry ran 2004-07
 - Initially focused on finance (2004-05)
 - Extended to consider role and function too (2005-07)
- Continues at least 30 years of debate on role and finance of local government
 - Layfield Committee of 1974-76
 - Thatcher reforms (poll tax 1990, council tax 1993)
 - Balance of Funding Review 2003-04

Key issues throughout

- What do we want local government to do in the C21st
- Balance of funding: local taxation vs central grants
- Contested definitions of 'fairness'
- Acceptability of difference and variation within the country
- How to ensure vigorous, trusted local government

Local authority income



Role: *National prosperity, local choice and civic engagement* May 2006

- Argues in favour of local choice in order to better meet local needs and improve value for money
- Local Government potentially important part to play in making ends meet
- Local government can contribute to national prosperity through effective 'place-shaping'
- But LG must rise to the challenge, particularly by better engagement with local people (should be one of its biggest advantages)

Place-shaping: The creative use of powers **and influence** to promote the general well-being of a community

- Building and shaping local identity
- Providing a sense of direction
- Regulating harmful and disruptive behaviours
- Maintaining the cohesiveness of the community by **ensuring all voices are heard**
- Helping to resolve disagreements
- Working to make the local economy more successful and sustainable
- **Understanding needs and preferences, and making sure the right services are provided**
- Playing the role of **convenor** across all public services.

Place-shaping: leadership

- **Anticipating future challenges** and opportunities
- Building coalitions and **looking outside community boundaries** for knowledge and collaboration
- Advocating powerfully on behalf of the local community
- Arbitrating between different interests and supporting community cohesion
- Being accessible and visible
- Communicating effectively and **building trust**
- Being **open with information** and ensuring transparency
- **Demonstrating a deep understanding of local issues**
- **Looking outward rather than upward** - focusing on service performance for its impact on the community
- Championing efficiency and service innovation

Final report march 07

- Not a simple argument for the local
- But our system does suffer from centralisation
 - Local **flexibility** to choose and act is restricted
 - Confused **accountability** undermines trust
 - Poor **incentives** fail to reward local efforts
 - **Fairness** has many definitions needed to promote trust
 - **Efficiency** pursued by making right local decisions, not just the cheapest decisions
- Council tax not 'broken' but under too much pressure, exacerbated by other problems
- Need a developmental approach to change (to build trust and create the conditions for further reform)

Lyons- the headlines

- The type of country we want to live in
- Communities to choose more for themselves (satisfaction)
- Need to argue the value of difference
- Need for a grown-up debate about what we want and what we are willing to pay for
- A single system of Government not a spat
- Confused accountability undermines trust
- A New Constitutional settlement?

A Possible Read Across

- Its difficult to make tax changes
- Consistency & “Managed Difference”
- Outcomes and Well-being
- Unfunded Mandates and Accountability
- “*Placeshaping*” and Convening
- Infrastructure, Growth & Sustainability
- Competence