

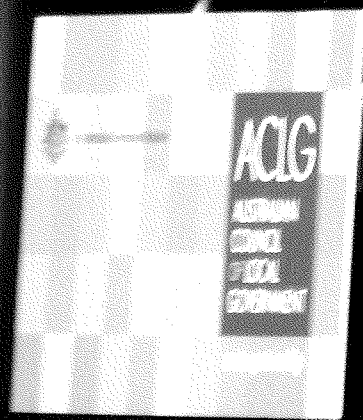
COUNCILLOR

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**COMMUNITY
DEVELOPMENT**

**BUILDING LOCAL
ECONOMIES**



*Prime Minister Kevin Rudd addresses
the historic Australian Council of
Local Government meeting.*

**MEETING THE NEEDS
OF DIFFERENT CULTURES**

**AUSTRALIAN COUNCIL
OF LOCAL GOVERNMENT**

FULL COVERAGE INSIDE

LOCAL COUNCILS AS 'PLACE-SHAPERS': an alternative model of reform

As debate continues about the roles and structure of Australian local government, a major inquiry into the future of England's municipalities has raised innovative ideas for reform that should be heeded in this country, writes **BLIGH GRANT**.

Australia is not the only country in the world that has been wrestling with the thorny issue of determining the optimal role for its municipal tier of government over the past two decades.

The recently completed Lyons Inquiry into local government in England handed down not just one, but three major reports from the period December 2005 to May 2007.

These came on the back of three government white papers since 1997, as well as a variety of independently commissioned work.

This amount of reporting may seem like cold-climate pedantic British overkill, but English local government has a far broader range of responsibilities.

Local government in England has thus always been quite heavily politicised, from Margaret Thatcher's poll, or head, tax, through to the Blair government's championing of local government in its 'Third Way' agenda.

Besides its sheer weight, the Lyons Inquiry was a watershed in a number of ways.

Despite its initial brief to inquire into the financial arrangements between local and central government, the inquiry specifically argued against structural reform.

Rather, it drew on various strands of political theory and philosophy to stretch the canvas of reform to encompass the wholesale revitalisation and sustainability of the British economy, away from the financial centre of the south-east corner of the country.

The head of the inquiry, Sir Michael Lyons (a former Labor councillor and CEO of three councils in England who is now Head of the BBC Trust and so "groovy baby" that he wrote the three reports in the first person) placed local government, history and

leadership at the centre of a theory of locality-generated economic growth.

He called this theory 'place-shaping'.

So what does it mean? The crux of the reform agenda is the recommendation of increased financial power and responsibility to local government in conjunction with a far stronger role for both political and administrative leadership in local government.

Thus, the inquiry argued for an expansion of revenue-raising powers by introducing more rate bands, increasing local business rates, introducing a tourist tax and, more radically, introducing local income taxes in "the medium term".

This devolution of financial power was based on a strong endorsement of the principle of subsidiarity.

The inquiry's arguments were also aimed at what one commentator recently called "the deeply embedded culture of central control freakery", where local government exists in a world of some 566 performance items at a cost of £1.8 million per authority, and where local government accounted for 25% of funding, but was burdened with 81% of central targets.

Shaking off these shackles was an important goal, but according to the inquiry's recommendations, these guidelines ought to be replaced with by what local councils decide.

This applies to fundamental service provision (schools; health care) as well as economic development, allowing individual councils to "shape" their local environment.

Lyons is as much about "people-shaping" as he is about locality, with a significant blurring of the distinction between the public and private spheres and some radical examples of the kind of activity he regards as exemplary. One example is through the County Council's Local Members Initiative Scheme in Staffordshire, where each of the

councillors is given a maximum of £10,000 "which is specifically earmarked for the promotion of well-being of those people who live in that part of the county".

This redefining of accountability and innovation, while controversial, has met with high levels of community praise.

Lessons for Australia

Many of the more radical proposals in the raft of reforms proposed by Lyons were not endorsed by the British Government in subsequent legislation.

And there is plenty of room to be sceptical about the role that place-shaping attributes to leadership in economic development, and the problems of accountability and indeed equity that may arise from this.

Yet it is important to focus on what is left of Lyons' agenda.

At a time in Australia when there will be much debate, if not soul-searching about the role of local government, Lyons' theory of economic revival based on locality certainly broadens the scope of possibilities for reform, reaffirming the type of council-led economic restructuring of localities that has been occurring in Australia for some years now – particularly in regional areas – based on history, the natural environment, regional output and particular skills. In a word, what the English political scientist Harold Laski long ago called 'the genius of place'.

- Bligh Grant is the Deputy Director of the Centre of Local Government at the University of New England. This article is an extract from 'The Lyons Report and its Ramifications for Australian Local Government', one of many papers available at the Centre for Local Government's website, at: www.une.edu.au/clg