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# Power for people and communities

## Consultation Paper 133

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## **Background**

This consultation paper is presented as the first stage in the development of new Party policy in relation to people and communities. It does not represent agreed Party policy. It is designed to stimulate debate and discussion within the Party and outside; based on the response generated and on the deliberations of the working group a full policy paper will be drawn up and presented to Conference for debate.

The paper has been drawn up by a working group appointed by the Federal Policy Committee and chaired by Cllr Tim Pickstone. Members of the group are prepared to speak on the paper to outside bodies and to discussion meetings organised within the Party.

Comments on the paper, and requests for speakers, should be addressed to: Christian Moon, Policy Unit, Liberal Democrats, 8 - 10 Great George Street, London, SW1P 3AE. Email: [policy.consultations@libdems.org.uk](mailto:policy.consultations@libdems.org.uk)

Comments should reach us as soon as possible and no later than Friday 31st March 2018.

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## Contents

<b>1. Background</b>	<b>3</b>
<b>2. Devolution in England</b>	<b>5</b>
2.1 Starting principles	5
2.2 Current situation	5
2.3 Current Liberal Democrat Policy	6
2.4 Questions	7
<b>3. Local Government in Practice</b>	<b>9</b>
3.1 Starting principles	9
3.2 Current situation	9
3.3 Current Liberal Democrat Policy	10
3.4 Questions	12
<b>4. Empowering People to Take and Use Power</b>	<b>13</b>
4.1 Starting principles	13
4.2 Current situation	13
4.3 Current Liberal Democrat Policy	14
4.4 Questions	16

## **1. Background**

1.1.1 The Federal Policy Committee established a working group to look at the Party's policies in the areas of devolution within England, local government, and community organising.

1.1.2 The remit of the group was to look at:

- Policies to empower community action to address local community needs and problems, for example through community energy co-operatives and or tenants' management of social housing.
- Our understanding of localism in light of continued technological change, globalisation, and the growing capacity for non-local communities to emerge and organise.
- Policies to enhance and empower democratic local government, including local government structures, finance and revenue raising.
- Whether the map of existing local government structure adequately reflects the key functions of local government, and if not, what principles the map of local government should be based upon.
- The future for devolution to the regional or sub-regional level in England in light of the further devolution of powers and resources to Scotland and Wales and existing Liberal Democrat policy on 'devolution by demand'.
- The Liberal Democrat response to the Conservative moves towards English City Regions and Metro Mayors, including the relationship between funding and administration, and the potential of rural areas to be left behind by this process.
- How to maximise the power of individuals and communities to shape the provision of local services.
- Policies to enhance and empower the voluntary sector.
- The role of local government and voluntary organisations in developing community assets and initiatives.

1.1.3 The timetable for developing this policy was delayed by the June 2017 'snap' General Election.

1.1.4 The purpose of this document is to seek the views of Party members, and of key partners and groups in this field, to enable us to bring a full policy document and motion to Autumn Federal Conference in September 2018.

## **2. Devolution in England**

### **2.1 Starting principles**

2.1.1 We believe that in a liberal democracy, decision making should be exercised at the lowest practical level.

2.1.2 This should be enshrined in a formal constitutional structure which guarantees decision-making and income raising powers at national and sub-national level throughout the UK, which will eventually cover the whole of the country at a level consistent with strategic economic and infrastructure planning.

2.1.3 These principles will include a 'devolution revolution' where significant powers currently exercised by Government are devolved to local government in some form, and furthermore powers currently exercised by local government should be devolved to local community councils (towns, villages and urban communities).

2.1.4 We believe in representative democracy, with power exercised by people democratically elected to be accountable for their decisions.

2.1.5 We believe in a fair electoral system for all public elected bodies (Single Transferable Vote) at every level.

### **2.2 Current situation**

2.2.1 The nature of communities is changing as technology enables new forms of communication and debate, which have not yet been applied to community consultation and decision-making.

2.2.2 Significant aspects of local public service do not currently sit within democratic local government. Most decisions around health and local education have been removed; many decisions about local areas are now taken at a national level and are the worse for it.

2.2.3 For devolution, a lot has changed in recent years. Governments, of all political colours, have toyed with some form of devolution from Government to local government. Most significant in recent years have been 'city region deals' (currently with six city

regions), and with devolution deals with other combined authorities. The level of devolution is mixed between different areas. There is little if any serious consideration of 'left behind' areas outside these regions.

2.2.4 Economic development in regions outside London and its peripheral areas has been held back by central control of structures and investment, by government policies which change operating conditions at short notice and by disproportionate investment in richer regions.

2.2.5 Devolution to local communities is patchy. In most rural areas a 'parish' tier of local government exists with town and parish councils, but although the option exists to establish this in more urban areas there has been little take-up. Some town and parish councils are taking on more responsibilities for local services. 'Area Committees' and their like have long been championed by Liberal Democrats, though in many areas their role is being cut back through funding shortfalls in recent years.

2.2.6 The Liberal Democrat-led Localism Act needs to be used if it is to achieve its purposes.

2.2.7 Local Government elections are by 'first past the post', with a mixture of 'all out' and 'elections by thirds'. In some areas this has created 'one party states' which, at worst, can result in a lack of challenge and scrutiny with sometimes terrible outcomes. STV has proved to work well in both Scotland and Northern Ireland for local elections through a number of electoral cycles.

## **2.3 Current Liberal Democrat Policy**

2.3.1 Current Liberal Democrat policy in these areas is to

- Build on the successes of City Deals and Growth Deals to devolve more administrative and financial power to cooperating groups of local authorities and Local Enterprise Partnerships; including by:
  - Developing and strengthening the model of Growth Deals into Decentralisation Deals that are available in all

parts of England and across all areas of local public services.

- Propose an English Devolution Enabling Act whereby legislative devolution is in principle available to Cornwall (recognising its historic, cultural, and linguistic claim to autonomy), to London (which already has its own limited, devolved institution in the shape of the GLA), and to any principal local authority (or group of principal local authorities with contiguous boundaries) outside London which has a population of a million or more people.

2.3.2 The Yorkshire and Humber and North West regional parties have both supported an elected Regional Parliament in their own areas.

## **2.4 Questions**

*Question 1: What functions of Government should be devolved to regional and/or local government and at what particular levels? What functions should be delegated to national government?*

*Question 2: Combined authorities have provided a way for local government to work together across some economic units (such as city regions). Do we support their development? Is there a democratic deficit in Combined Authorities? Should one or two local authorities have the right to prevent others from combining? Do we support the 'Metro Mayor' concept for city regions? What do we feel about police services being accountable to elected Police and Crime Commissioners?*

*Question 3: Where does this leave authorities that are outside these areas, particularly where economic and infrastructure links necessarily involve them? Where does it leave rural areas?*

*Question 4: How can we grow the 'local' tier of democracy (towns, villages and urban communities)? Should a local tier of democracy be statutory (i.e. compulsory for all areas)? What role and functions should be undertaken by this 'local' tier that are currently undertaken by the principal tiers of local government?*

*Question 5: Do we agree that Single Transferable Vote, for example the Scottish system in 3, 4 and 5-member multi-member constituencies is the correct model for England?*

*Question 6: What can we learn from overseas experience?*

### **3. Local Government in Practice**

#### **3.1 Starting principles**

3.1.1 We believe that local government, at all levels, should be resourced properly to enable it to exercise its democracy. This means funding local government properly from the centre, and enabling real local decisions about levels of income, expenditure and borrowing.

3.1.2 Local government financing needs to be reformed and ensured appropriate funding. If local government has additional responsibilities, some taxation should be raised directly by local government to fund its responsibilities and choices.

3.1.3 The role of the elected Councillor is crucial for democratic local democracy. For local democracy to flourish we need to support the role of councillors at every level and find ways to ensure that councillors are diverse and representative of their communities.

#### **3.2 Current situation**

3.2.1 Local government funding has been one of the worst hit by austerity. From 2010 to 2017 local government will have seen a 49.2% reduction in funding (NAO). The Government expects local government to become 'self-sufficient' (Council Tax, Business Rates and other income).

3.2.2 Council Tax has seen little reform since its introduction in 1992 (though the localisation of Council Tax benefit has meant that more people are now paying at least some council tax than before). Business rates have seen reform with local growth (and shrinkage) to be gradually shown locally. Many local councils have found new sources of income to make up the shortfall – higher charges, investments and new income sources. Central government's use of local government as the agent of major cuts in public spending has damaged the status of local government and councillors to an extent which undermines confidence in local democracy.

3.2.3 Support for Councillors has been going in the wrong direction in recent years. Fewer and fewer councils have Support Officers for council groups and support functions for councillors have been cut back. Processes which allow for more people to come forward as councillors are patchy throughout the country. The prevalence of the Cabinet model means that many councillors are not really involved in decision -making rather than scrutiny.

### **3.3 Current Liberal Democrat Policy**

3.3.1 Liberal Democrat policy on local government was last fully reviewed in Policy Paper 79 *The Power to Be Different* (2007), although individual aspects of policy have been updated in a number of policy motions and the last three General Election manifestos.

#### Finances

- Relocalising Business Rates and replacing them with Site Value Rating.
- We would consider other ways of allowing councils to raise funds for initiatives such as improving council housing and transport projects. This could include allowing either councils, groups of authorities, or Regional Assemblies to issue bonds for specific projects. Alternatively, councils could agree with businesses an additional levy to fund an approved project.
- Equalisation grants are a vital part of local government finance. The total amount of public money available for equalisation is a matter for central government. The equalisation formula – including the redistribution of some business rates – should be decided by a committee of local government councillors elected on a politically and geographically representative basis. The committee would take into consideration both resources and needs in allocating funding.

#### Community decision-making

- Extend the power of general competence to parish and community councils, and give them the statutory right to demand the devolution of services and funding from principal authorities, subject to fulfilling a proof of competence test.
- Ensure that principal councils have to give proper consideration to parish plans and encourage parish representation on joint service arrangements.
- In areas without parish or community councils, communities would have the power to petition their council for a neighbourhood board or area committee made up of the councillors representing the area, including both county, district and parish/community councillors where there was more than one tier of authority.

#### The role of councillors

- Liberal Democrats would restore rights to councillors by putting into law their right to speak and vote on issues, even where, prior to the meeting, they have clearly stated a view for or against that particular matter.
- We would allow councils that so wish to return to a Committee rather than a Cabinet model.

#### The structure of English local government

- Policy Paper 79 advocated a single principal tier of local government, unless the local community would prefer other arrangements. The boundaries for principal authorities should, as much as possible, reflect natural communities that people recognise. The final structure, however, must be a decision for the people living in an area, with any move to a single tier authority being preceded by a local referendum, not imposed by central government. Such a referendum should be independently monitored to ensure the campaign around it is properly conducted.

### **3.4 Questions**

- Question 7: Given that the government is committed to business rate retention and the independence of local government, what should be our answer to long-term funding for local government?*
- Question 8: What should be done to make council tax fairer? Should we consider property revaluation?*
- Question 9: Should we consider more radical replacements for council tax like LIT? Is the Scottish devolution a model for that and at what point do we allow local authorities to raise some other taxes e.g. tourist tax, sales tax etc? Should we consider assigning elements of nationally raised taxes to local government?*
- Question 10: What about the borrowing powers of local government - should local authorities be allowed to borrow against the value of their stock - either specifically to build council houses or for more general purposes?*
- Question 11: Government is consulting on the prudential code - what do we think?*
- Question 12: In the context particularly of Universal Credit, what if anything should local government should be doing in the field of benefits?*
- Question 13: Is the balance between direct provision of services and the facilitation of communities etc. right?*
- Question 14: How can we further support councillors in their role? How should we ensure that councillors are more representative of the communities they serve?*
- Question 15: What are the relative merits of the Cabinet and Committee models? Should we take a party view on this?*

## **4. Enabling People to Take and Use Power**

### **4.1 Starting principles**

4.1.1 Our vision is a future in which strong, independent voluntary and citizen-led civil society organisations, work in partnership with national and local government and the private sector to build safe, sustainable communities in which individuals and communities thrive. Community and voluntary organisations, by virtue of their independence and their close understanding of their members, volunteers and beneficiaries, are a powerful means by which citizens can shape and change society.

4.1.2 Community and voluntary organisations unite people who are passionate about their causes. They foster a sense of community and help people to organise to challenge the state and large corporations, and counteract alienation, disconnection and atomisation in society. It is vital that local government supports small community organisations which enrich social, environmental and economic well-being, including those which challenge established institutions. National governments also must use support voluntary organisations to research, advocate and meet the needs of groups within society and to deliver public services.

4.1.3 The concept of Community Politics has been central to the the Liberal Party and the Liberal Democrats. It was originally defined by the Liberal Assembly in terms of:

“a primary strategic emphasis on community politics: our role as political activists is to use our political skills to solve people’s grievances; to help people in communities to take and use power; and to represent people at all levels of the political structure”.

### **4.2 Current situation**

4.2.1 There were 165,000 voluntary and community sector organisations in the UK in 2015. This includes some very large, well-funded national charities and many very local community organisations. Altogether, they accounted for £12.2 billion gross value

added to the UK economy and employed about 853,000 people (65% of whom were women). Around 14 million people formally volunteer their time at least one a month.

4.2.2 Government policy for at least 50 years has used voluntary organisations to take on and augment service delivery, much of which was previously undertaken in the public sector. This has created major opportunities for the voluntary sector but has raised questions about the degree of independence of government which the sector can claim, and whether this undermines its role of challenging national and local government.

### **4.3 Current Liberal Democrat Policy**

4.3.1 The Liberal Democrat Spring Conference 2018 Strategy Motion puts community campaigning at the heart of the Party's strategy, supplemented by campaigning at every level to create a political and social movement.

4.3.2 The last full policy review on voluntary organisations and volunteering is Policy Paper 98 *Community Futures* (2011). Its proposals include:

- Working with leading researchers to implement impact and evaluation measures for voluntary organisations, including properly conducted controlled trials.
- Developing a new definition of what constitutes 'a socially motivated organisation' in order to facilitate investment in charities and social enterprises.
- Requiring all legislative proposals to include a voluntary sector impact statement.
- Working with the Small Charities Coalition, National Association for Voluntary and Community Action, and Local Authorities to improve support to local community organisations and volunteers in statutory organisations such as school governors.

- Initiating a pilot programme to modernise Corporate Social Responsibility. We will seek to extend CSR by developing a network of Professional Services Working Groups across the country, so that voluntary organisations have access to services such as lawyers, accountants and architects.
- Developing a new Community Benefit Index in which companies are encouraged to maximise their 'community footprint'.
- Taking forward the Total Place and Total Neighbourhood programmes to ensure that local communities are empowered to design and commission services which meet long term needs and aspirations.
- Encouraging the development of public sector contracts which require bidders to demonstrate how they will develop social capital.
- Bring commissioning under local democratic oversight by encouraging local authorities to set out a vision of the future of public services – with the help of local people – that can shape joint strategic needs assessments in the future.
- Commissioning research into social networks and volunteering. In particular, we will engage young people in designing new systems to give incentives to stimulate volunteering.
- Encouraging statutory organisations to develop volunteer programmes so that social action thrives within communities.
- Reforming the 'vetting and barring' scheme to enable more people to volunteer whilst ensuring that children remain safe and secure.
- Recognising that simple mutual support is as important as more formal volunteering, and it may sometimes be necessary for the government to get out of the way of this – so that

databases and regulation do not corrode neighbours supporting each other.

#### **4.4 Questions**

- Question 16: What are the implications for policy and practice of the proposed 2018 commitment to community campaigning?*
- Question 17: What is the role of councillors and political activists in creating, supporting and mobilising communities to participate in campaigns and sharing power as part of community groups and institutions?*
- Question 18: How can Liberal Democrat councillors use online tools to promote campaigns and participate in Council decisions?*
- Question 19: What is the role of the local voluntary sector in advocacy and campaigning and how does it/ should it complement local democracy?*
- Question 20: How do we identify those who are truly representative and who are really speaking up for a cause?*
- Question 21: What is the role and legitimacy of community groups relative to locally elected representatives?*
- Question 22: Have you or your council set up or worked with either (a) a TMO or (b) a Community Energy Co-operative? Does Community Asset Transfer work - who owns them and are they an effective way of ensuring that assets are safeguarded used in perpetuity?*
- Question 23: How should local government interact with non-geographical communities?*
- Question 24: How can we use online tools to enhance scrutiny and enable popular participation in balanced local decision-making?*
- Question 25: What is the scope for the use of engagement such as Citizens' Juries in shaping decision-making?*
- Question 26: How do we build on ideas about common ownership of common resources (e.g. Elinor Olstrom's ideas about Common Pool Resource institutions)?*