



Getting Local Authorities On Side

by Simon Parker & Mark Walton

Illustration by Sophia Checkley



IN 2015, activists in Lambeth took advantage of new legislation to audit their council's accounts. The resulting press release contained a range of incendiary charges against the local authority, ranging from questions about the cost of its new town hall through to issues with the way senior salaries are calculated. The episode highlighted two major issues. The first is that the quality of the data councils publish is pretty poor: you can't make sense of it without an in-depth knowledge of local government budgets, and that isn't really good enough. But more to the point, it dramatises a worrying lack of trust between too many local authorities and groups of local activists, even in a borough which only a few years ago declared itself a co-operative council.

It's hardly surprising. Local authorities have endured a decade of austerity, during which they have been forced to cut billions of pounds from their budgets. Services from libraries to children's centres have closed their doors. Councils have come under huge pressure to grow their way out of the crisis, generating more money by allowing developers to build new homes and office blocks. In many areas this has led to more controversy over the nature and affordability of new developments.

A few parts of local government have engaged their communities brilliantly in this enforced process of change. Most have not. Communities like those in Lambeth feel they have to fight to protect what they have, even as their councillors are agonising over a set of budget decisions they do not want to make. This really matters, because if you want to build a new economy it is becoming increasingly clear that you need local authorities on your side.

For all their many flaws, councils are still our only institutions that focus primarily on

the quality of life in our towns and cities. The way they spend their diminishing resources – and the ways in which they can influence spending from other local bodies like the health services – is critical to the shape of the local economy. As the Preston model and the wider community wealth building movement are showing us, public spending can fuel the development of locally-owned small businesses. Councils are not going to build the new economy on their own, but they can do things that accelerate, slow, or even block the development of local co-ops and community businesses.

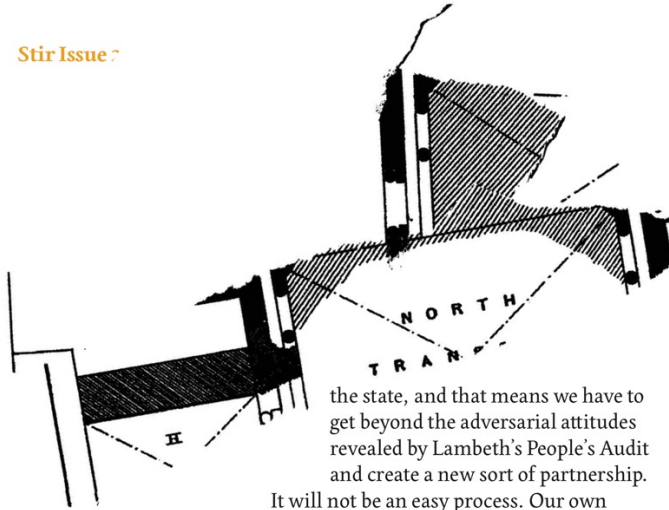
The good news is that the austerity decade is starting to change councils for the better. From community wealth building to Barking's Participatory City experiment, to think tank reports calling on councils to adopt a new *community paradigm* in the way they work, local government is finally starting to embrace the participatory and democratic possibilities of the digital era.

To get a good sense of what councils really value, look at the backgrounds of their chief executives. The most popular at the moment are finance and regeneration, reflecting the financial pressure to save money and grow local economies. But Heather Jameson, the editor of the *Municipal Journal*, is among those who predict that in five years' time the next generation of senior managers will be people who know how to do co-production. A new economy needs a new kind of council, managed by a new breed of officers. The historian Mary Beard has argued that we need to turn power into a verb: 'to power'. This is precisely the kind of leadership local authorities need to encourage.

This development is both really exciting and extremely fragile. The democratisation of local government depends on reshaping the relationship between communities and

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the state, and that means we have to get beyond the adversarial attitudes revealed by Lambeth's People's Audit and create a new sort of partnership.

It will not be an easy process. Our own experience of trying to bring councils and communities together shows that we are going to have to overcome deep barriers of mistrust. Councils have been top down and bureaucratic for such a long time that they have encouraged communities to think the only way to get things done is to go to war. Of course, this is a wider problem for British society: 40 years of neoliberalism has worn down our ability to collaborate. It will take a decade to address this, but the local level seems as good a place to start.

The biggest barrier is about empathy. It's pretty obvious that a lot of community and activist groups feel that their councils can't or won't understand local people. What is perhaps less obvious is that many political leaders, and officers, feel that their communities do not empathise enough with the difficulties and constraints that councils face.

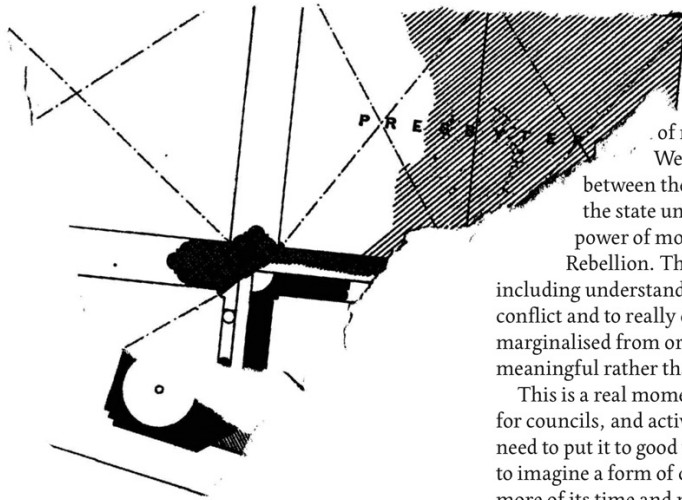
England is the most centralised country in the developed world, and its councils chafe under hundreds of constraints set in Westminster. Austerity is the most obvious of these constraints, with councils slowly losing all of the money they get from central government and being forced to rely on a combination of council tax and a complicated system of redistributed business rates. The obvious response is to raise those taxes, but local government does not really control business tax at all, and the only way to raise council tax above 1.99% is to trigger a local referendum which central government has rigged in such a way that it will almost certainly be lost.

The planning system is similarly constraining. Councils are effectively given targets for the number of homes that have to be built in their area, and if they miss those targets for long enough then central government steps in and removes local powers.

Many councils are desperate to increase the amount of affordable housing in their areas, but if they push developers too hard then the latter can appeal to the Planning Inspectorate and overrule local politicians. Of course, many local authorities are now building their own council homes again, but even here they are constrained, this time by the right to buy which allows tenants to buy council houses at a discount. As an alternative, many councils have set up their own companies which can use the proceeds from commercial development to support more affordable properties, though even this has proven slightly controversial because it involves councils borrowing to finance development.

But even within these constraints, radical change is possible. The community wealth building movement has shown one of the dullest areas of local government – its procurement of goods and services – can be a tool for progressive change. In Preston, this funding has been redirected to seed co-operatives, but community wealth looks very different in other parts of the country. London boroughs, for instance, face very different economic challenges. The focus for parts of East London is likely to be on economic inclusion: using public spend, land and employment policies to try and create new jobs and businesses that can boost the incomes of the poorest. This has a direct impact on local public services, as higher wages mean people are less likely to become homeless or need social care.

The New Local Government Network's recent report *The Community Paradigm* highlights the fact that councils are already supporting a wide range of policies to shift power to local people – from the asset transfer of council offices for a city farm, to community businesses taking over markets and other facilities across the country. Meanwhile, the newly active Local Trust is making noise about what it has learnt from its lottery-funded programme of putting £1M into each of 150 communities. New approaches to governance and engagement are slowly starting to emerge as well. Many councils have declared a climate emergency and some, like Camden, are using citizens' assemblies to develop their response.



But these new approaches need a change of culture from councils, which is primarily the challenge of letting go of control. Just as communities default to suspicion about their council's motives, so local authorities tend to underestimate the capacity or potential of new economy organisations. There is a lack of understanding of the differences between types of organisation, the different roles they play in civil society, and the different motivations of the individuals involved in them. Whilst there is an understandable risk aversion and fear of how viable or long-lasting a new economy or civil society partner will be, there is also a more perverse fear of them succeeding and perhaps making money from their activities. If it is to be a good partner then local government needs to better understand how the new economy works.

Councils and civil society need to become more comfortable with the different forms of power they respectively wield. Local politicians feel that they hold a special place in their communities, with the right to set goals and strategies for their residents. The British political party system remains highly traditional, steeped in the world of bureaucracy and procedures; it is hard, though not impossible, to imagine a figure like Barcelona's Ada Colau seizing power by working her way up the Labour or Conservative hierarchies. New economy organisations need to recognise this while also asserting the ability of organisations like community enterprises to speak on behalf of the people, and to gain power by mobilising local people in a way that councils struggle to replicate.

The state wields the heavy power of money and structure, civil society the lighter power

of networks and movements. We need to build partnerships between the two, and that starts with the state understanding the value and power of movements like Extinction Rebellion. This will require new skills, including understanding of how to deal with conflict and to really engage with those most marginalised from or abused by power in meaningful rather than tokenistic ways.

This is a real moment of experimentation for councils, and activists for the new economy need to put it to good use. It is entirely possible to imagine a form of council that spent much more of its time and money growing the civic commons, with more co-ops and community groups doing imaginative work to provide care, protect the environment and enrich our lives. This is what some people call the partner state, where government acts to promote and maintain the commons, and it offers an energising vision of a world with less market, less state and more civil society.

But we need to prove it works. The key thing is to build understanding and empathy between the two worlds of council and commons. Both have their own intricate internal debates, with their own languages and technicalities. We need more national events where activists and council officers come together to discuss new ways of doing business, and we need more local discussions.

We should support the development of cheap shared workspace for civil society organisations, commissioning and procurement strategies that prioritise social value and direct more spend to local organisations, and an energetic approach to transferring council assets to communities. Over time, councils, businesses and central government should look to create and capitalise independent local foundations or investment banks, providing a pool of long-term funding for the new economy that is not dependent on the generosity of public spending.

Austerity has been a disaster for many parts of the country, but as councils have grappled with its implications many of them have realised they can no longer try and do everything alone. Our towns and cities need a new kind of partnership to rebuild solidarity and renew social relationships for what is going to be an extremely challenging decade ahead. The prize is a whole new way of understanding public service. The time to seize it is now.

