

A case study in centralisation

'The British Case'

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'Most observers accept that the period of the 1979—82 was one of increasing centralisation in Britain, while in many other countries in Europe there was an emphasis on decentralisation. 'The British Case' is used as the title for this essay on central-local relations to highlight that difference.

It is of course difficult to measure the extent of centralisation in any country. Page has recently used a series of measures with greater or less success:

- Local government's contribution to national public policy
- Mandated and discretionary functions
- Prefectural and non-prefectural systems
- Fiscal aspects
- Forms of access to national decision-making:
 - indirect
 - direct (Page, 1991)

There are a number of difficulties in measuring the extent of centralisation.

- (a) the decision on which aspects of the central-local relationship one is seeking to measure. Traditionally weight has been placed on the financial relationship, but the financial relationship cannot be considered apart from the legislative framework, and the political relationship between central government and local authorities.
- (b) The problem of finding adequate indicators of the different aspects of central-local relations, which can be used on a comparative basis.
- (c) even if indicators can be found, there can be difficulties in determining the weight to be attached to each aspect. Indeed the problem is that the indicators are not independent of each other. In France, for example, how does the presence of a high proportion of "maires" in the Chamber of Deputies effect the degree of centralisation.
- (d) centralisation is not a clear concept. It is often interpreted as though centralisation is the product of a zero-sum game, but it can

be argued in opposition that it is possible for both central and local government to increase their areas of responsibilities and their means of influence and action at the same time, which makes it difficult to speak unambiguously about a choice between centralisation or decentralisation. If this is true there is no clear scale running from decentralisation to centralisation.

The extent of centralisation or decentralisation can only be adequately judged through an understanding of the political system in each country. The different meanings that can be given to particular factors in each country, the interaction between these factors and the assumptions that underlie the operation of the political system make it difficult if not virtually impossible to assess the comparative extent of centralisation — other than for the most obvious cases.

What is easier to assess is not the exact position of any country on some possible scale of centralisation but the direction in which a particular country is moving. Such assessment must be grounded in an understanding of the political system and the political culture of each country.

This is relevant to any assessment of the British case. What distinguishes Britain is not the extent of centralisation in 1992 if that could be assessed. Many of the features of the British case could be replicated in other countries. What distinguishes the British case is the direction in which the system has moved in the period of the Conservative government between 1979 and 1992.

Commentators (eg. Crouch and Marquand 1989) have drawn attention of the general tendency in Europe and indeed in other countries to decentralise. The free commune experiments in Scandinavia and the decentralisation reforms in France are often quoted as examples of such a trend. It is the general agreement that Britain has moved in the opposite direction that justifies a special analysis of the British case.

To understand that case one has to appreciate certain special features of the British situation. Three features that distinguish the situation will be highlighted.

THE LIMITED CONCEPT OF LOCAL GOVERNMENT

This may seem strange to those who previous to the Thatcher government regarded local authorities in Britain as having a high degree of freedom. It is true that much of the legislation governing local authorities was drafted in general terms giving them a considerable degree of discretion in the exercise of those powers (Loughlin 1986). But local authorities were seen in many ways as organisations for the delivery of a series of services rather than as units for local government. This is illustrated by:

- the process of re-organisation in Britain which led to the creation of local authorities far larger than elsewhere.

Average population size of local authorities

England and Wales	122,740
Sweden	29,527
Denmark	17,963
Australia	14,125
USA	12,000
Norway	8,891
New Zealand	7,980
Italy	6,717
Canada	5,011
West Germany	2,694
France	1,324

(Goldsmith and Newton 1986)

The principle criteria for determining the size and boundaries of local authorities in Britain was the perceived efficiencies of administration, rather than any sense of community underlying local government.

- the absence of a power of general competence

However limited the use of the power of general competence may be in relation to the services mandated by statute in other countries, it clearly reflects a concept of local self-government that means that local authority is

more than an organisation for the delivery of a series of services. The "importance of the power of general competence lies perhaps rather in the symbolic and psychological sphere. It bolsters the conception of the municipality as a general political authority which acts in its own right to foster the welfare of its inhabitants and confront whatever problems may arise in the local community" (Blair 1991 p. 5). Its absence in Britain highlights the dependence of local authorities upon a series of separate powers.

- the organisation of British local authorities has focussed on the administration of a series of separate services through the committee system, with no political executive or clear setting for the political leadership.

This structure, in effect defined the role of the local authority by the services provided rather than by any sense of community government. Blair says this as adding to the symbolic effect of the absence of the power of general competence (Blair 1991). The organisational structure of local authorities allows no formal setting for community leadership.

THE ISOLATION OF CENTRAL AND LOCAL GOVERNMENT

There are two worlds of politics — central and local and two worlds of administration — central and local which in Britain are separated from each other. There is a "dual polity" (Bul-pitt 1983).

Local politics carries little weight in the politics of the centre. If a local political leader is elected to Parliament, he or she will normally leave the local council and will have to start from scratch to carve out a Parliamentary career. Even the leadership of a great city will carry little weight in the House of Commons. Local authority leaders equally carry but little weight in the national party organisation.

If central politics and local politics each operate in their own world, that is even more true of the world of administration. Careers rarely cross the divide nor does training bridge the divide. There is no prefectural tradition or its equivalent giving civil servants local experience and experience of policy implementation, which many would see as necessary for those called upon to advise on policy formulation.

A CENTRALIST CULTURE

The isolation of the centre both reflects and supports a centralist culture. There can be a rhetoric of the unitary state (cf. Department of the Environment, 1983) and an emphasis on the sovereignty of Parliament, which gains importance in the absence of a written constitution. This means that local authorities status is one of dependence on statute. "Mere creatures of statute" is a phrase too easily used and such phrases become part of the rhetoric of the Thatcher Government, but gained a hearing because it echoes previous speeches by ministers in previous governments.

This language reflects a centralist culture which in turn reflects a dominance of the capital for the media, for the arts and for finance and for many industrial firms or at least their headquarters.

THE ATTACK ON LOCAL GOVERNMENT

The features described above were not the product of the policies of the Thatcher government, but were part of the conditions it inherited. The title of this section has been chosen deliberately because the period of the Thatcher government was marked by the rhetoric of "battle" "struggle" and "attack". The "defence" of local government was a phrase used by its opponent in local authorities who tries to rally support with slogans "Defend jobs and services" "Defend local democracy".

The rhetoric is an important aspect of the period. The attacks in speeches by ministers on local authorities or at least on local authorities controlled by the opposition set the climate for the period. The phrases "looney left" and "loony local authorities" were adopted by much of the popular press taking their one from the speeches of ministers.

The rhetoric of the government was however met by a language of defiance in at least some local authorities. Most of the urban authorities were controlled for most of this period by the Labour Party and within those authorities there was resistance to the government carried in the case of Liverpool and Lambeth to refusal to obey the law (Blunkett and Jackson, 1987). The rhetoric of attack and defence was in part the product of the politics of the period, setting certain Labour local authorities on a collision course with the Government.

THE INSTABILITY OF LOCAL GOVERNMENT FINANCE

The "struggle" between central and local government centred on local government finance. The Labour government of 1974—79 had sought a reduction in local government expenditure. Its main instruments were consultation through the medium of the Consultative Council on Local Government Finance on which ministers sat alongside the leaders of the local authority association and grant reduction designed to put pressure on all local authorities.

The Conservative government from its outset pursued a different approach. Soon after taking office, but three months into the budget year the Secretary of State announced that he was seeking a reduction of over 10 % in that year — a reduction which was certainly politically and probably practically incapable of being achieved. However before the financial year was over, he introduced new legislation to give him the power to adjust grant according to the relationship between an individual authority's expenditure and the governments figure for that authority's need for expenditure — grant related expenditure (Jones and Stewart, 1989).

This was a major change. Previously government had been concerned with the overall level of local government expenditure relying on general grant reduction to have an impact. Now the government was concerned with the expenditure levels of individual authorities and had taken powers to use grant as an instrument to influence that level.

The succeeding years saw an endless process of change as central government sought to achieve its aim. Both because its targets were widely seen as unrealistic and because of the atmosphere of hostility expressed in the rhetoric of attack and defense, local authorities did not achieve the targets set by central government. So long as local authorities retained freedom to set their own tax level for the rates or property tax, they could compensate for grant reduction. They also learnt to compensate through the growth of creative accountancy or means of adjusting their accounts to avoid at least the immediate effects of central governments control (Audit Commission (1984) Davies et al, 1980).

There were over ten major pieces of legislation on local government finance in the period of the Conservative government. In one year

(1981/2) there were three changes as central government sought in a confrontationalist climate to impose its will on individual authorities without, however, taking direct control over their expenditure then seen as too fundamental a change to contemplate.

It would be tedious and far beyond the scope of this article to set out the detail of these changes. It must be sufficient to highlight certain main developments.

- The period up to 1985 was marked by the ever increasing severity of penalties imposed on local authorities exceeding specified targets.
- In 1985 the Government started to cap the expenditure of selected local authorities.
- The third Conservative Government introduced the community charge in England and Wales in place of the property tax — having introduced it previously in Scotland. This tax which almost immediately became known as the Poll Tax was a flat rate charge per head fixed by the local authority (subject to a rebate system for those on very low income), designed in part to create pressure on local authorities to reduce expenditure, by making every elector pay a direct contribution to local government expenditure, since even those on the highest rebate paid at least 20 % of the Community Charge. (Gibson, 1991).
- The Community Charge was widely seen as unfair and became so unpopular that it was a major factor in the downfall of the Prime Minister. The Conservative Government under the new Prime Minister introduced legislation to repeal the Community Charge and to replace it with the Council Tax which is a modified form of property tax.
- Selective capping of the expenditure of local authorities has been gradually replaced by general capping of the expenditure of authorities. The Secretary of State announces the principles on which he will exercise these powers, prior to the start of the budgetary year, which in most cases means that local authorities budget at those limits, effectively capping themselves, making it unnecessary for the Secretary of State to use his formal powers.

These changes show the process by which central government has moved from a position where local authorities were free to determine their own level of expenditure and their own level of taxation to one where central government

directly controls the level of expenditure and hence the level of taxation (although this can vary dependent on the level of financial balances held by the authority and on the assumptions made about collection rates, which have become a major problem with the Poll Tax).

The number and extent of the changes has meant that local authorities have been unable to base their financial policies on a stable framework. That framework has changed from year to year or even within the year itself. The same Parliament that introduced the Community Charge saw its repeal.

Institutional instability is not limited to the financial framework. The Conservative Government abolished the metropolitan counties and the Greater London Council, both set up by previous Conservative Governments. The Government has now proposed a major reorganisation of the structure of local government (Department of the Environment, 1991) outside the metropolitan areas, with a new structure probably largely based on one tier replacing the two tier system created by a previous Conservative Government.

Other examples could be quoted such as the apparent reversal of policy on the internal organisation of local authorities, where the Government having legislated against one party committees has now proposed experiments with such committees or with cabinet systems (Department of the Environment 1991).

The instability probably reflects an attitude to local government which could almost be described as elite contempt. Continuing institutional change is not perceived as an issue either because local authorities are not seen as important in a national system focussed on the centre or because the state of local government is seen as so unsatisfactory as to justify continuing interventions.

REDUCTION IN LOCAL CHOICE

Local government is justified by its capacity for local choice (and for local voice). By local choice is meant the ability of the local authority to make decisions on the nature or level of services provided or on actions to be taken at local level. Those choices are made within a national framework of legislation, but traditionally that legislation has allowed local authorities considerable discretion. "The

primary role of law in central-local relations during the post-war period has been essentially to facilitate the establishment of a constitutive structure within which central departments and local authorities could bargain over the manner in which government functions would be exercised. The first function of law was therefore to cast the basic duties of local authorities in broad and often highly subjective terms. This maximised the formal legal autonomy of local authorities and nullified the potentially restrictive effect of the *ultra vires* doctrine" (Loughlin 1986 p.186) — the *ultra vires* doctrine being the principle that a local authority can only act within the powers given it by Parliament.

There would be little point in local elections or indeed local taxation unless local authorities were able to make significant choices. Through local choice local authorities can give expression to the aspirations of local communities and respond to their differing needs. Loughlin has argued that the Conservative government has replaced the previous legal framework "by structuring local authority discretion through the imposition of detailed statutory procedures on local authority decisionmaking, . . . by vesting third parties with formal legal rights . . . , by imposing specific duties on local authorities . . . , by incorporating notions of legal rationality into local government structures . . . and by seeking to reconstitute local authorities as market support agencies. . . » He concludes that "while an attempt is being made to reconstitute local authorities as rule-bound organisations, the same legislation has been extending the discretionary powers of central government", (Loughlin 1986, p. 195). These passages record the process of the reduction of local choice.

The changes in local government finance discussed earlier are one illustration of that reduction. The process became much wider in its impact in the third Conservative Government which introduced a series of legislation to restructure local authority services in accordance with market models. Legislation covered education, housing, community care as well as giving the Government power to introduce compulsory competitive tendering over the whole range of services. What distinguishes this legislation is that it is covered not what services the local authority should provide, but the way those services should be provided (Stewart and Stoker, 1989).

The legislation on compulsory competitive

tendering illustrates this point (Walsh 1991). The legislation requires the local authorities to put out certain specified services to tender (eg. refuse collection, street cleaning) and gives the Government power to extend the list. The significance of the legislation is that whereas previously local authorities could choose whether to put out services to tender, they are now required to do so and the legislation and regulations made under it specify the basis on which local choice should be made on the tender to be accepted. Thus local authorities have to judge the tenders on purely commercial considerations. They cannot specify fair wages clauses requiring contractors to pay trade union negotiated rates or introduce into the contracts requirements to employ local people. They are in effect barred from allowing wider policy considerations to enter into the terms of the contract.

This is one illustration of a wider tendency to reduce local choice, and enforce conformity to central government views, not merely on what should be done, but how it should be done. This process has led to an extension of central governments powers to regulate and control local authorities. It is this process of limiting local choice while extending central government discretion that is the clearest indication of a trend to centralisation.

THE NEW FRAGMENTATION OF COMMUNITY GOVERNMENT

While reducing local choice exercised by local authorities, the Conservative government has created a number of other agencies and organisations for local action. Most of these are, however, not subject to any form of local accountability. They are appointed boards subject to accountability to central government rather than to the local electorate.

There have always been such agencies and organisation. The National Health Service, in one form or another, has always been controlled by appointed boards, although until the recent Conservative Governments changes a quarter of those appointments were made by local authorities.

However the "pace of institutional innovation accelerated after 1979. Despite an initial hostility towards appointed bodies, the Conservatives have made extensive use of such agencies as part of a wider attempt to by-pass local

authorities unsympathetic to their aims" (Stoker 1991 p. 61).

The most important of these agencies have probably been Training and Enterprise Councils which have taken over substantial responsibility for training initiatives. Urban Development Corporations have been set up in several cities as part of a strategy for urban regeneration. They have taken over the local authorities planning and development control functions in the areas for which they are responsible. Housing Action Trusts have been proposed to take over responsibilities for housing estates.

The list of such agencies and organisations could be extended. Rather than have functions exercised by the multi-purpose local authority directly elected by and accountable to the local electorate, functions have been given to single-purpose organisations appointed directly or indirectly by central government and therefore accountable to it. "The use of such single-purpose agencies has also enabled the Government to maintain a general constraint on local authority spending, but channel through such agencies increased and substantial resources according to its priorities" (Stoker, 1991 pp. 61–62).

In many instances those appointed are businessmen and it has been argued that the Government has restructured the forms of local governance to increase business influence. In some instances the Government would argue that they are substituting direct control by users for control by the local authority. Thus in education schools have been given the right to opt out of local authority control on the basis of a parents vote. They will then receive their funds directly from central government and be controlled by a Board of Governors elected by parents, although their issues about accountability remain unresolved, since they are presumably accountable to central government for the use of the funds they receive from it. (Ranson and Thomas, 1989)

One overall effect of these changes has been a fragmentation of the structure of community government. The emphasis on specialpurpose agencies leads to an increasing differentiation of the overall structure which has the advantage of focusing organisation on a clear. It means however a weakening of the integrative mechanisms which may be equally important in the process of community government, since cities, towns and villages are moulded not merely by separate functions but in the inter-

actions between them.

The other overall effect is the weakening of local accountability. The changes increase central control and presumably central accountability, although the nature of that accountability is not necessarily fully resolved in every case.

THE UNIQUENESS OF THE BRITISH CASE

It would be easy to find examples from Europe of many of the changes described. Thus in Sweden control has been introduced over the local income tax for at least a two year period and in many countries the economic problems of the 1970s and 1980s led to efforts by central government to reduce or at least to restrain local government expenditure. A Council of Europe analysis showed however that in Britain the measures taken were more far-ranging than in most other countries. (Council of Europe)

What distinguishes the British case is not the single measures taken but three factors. The first is the wide range and scope of the actions taken by the Government, as illustrated by this article, which in any event only covers a few of these actions. The second factor is that unlike other countries there have been no or at best very few measures to strengthen local government. All the measures taken are in one direction. The third and perhaps the most important in establishing the uniqueness of the British case has been the dominance of the anti-local government rhetoric. The philosophy underlying that rhetoric has allowed no significant place for local government.

The reasons for the British case are not easily established. They may lie as much in history as in the present. It is of course true that Britain along with other European countries faced the challenge of a rapidly changing society and a society changing on many dimensions. I have elsewhere described it as the movement from the government of certainty to the government of uncertainty (Stewart 1989). In the post-war years in which the welfare state was established and grew the problems to be met, the solutions to be adopted and the public response seemed so clear. Now the problems, the solutions and the public response are grounded in the uncertainties of the time.

In many countries it is recognised that the emerging society cannot be governed from the centre alone. The government of uncertainty requires a high capacity for learning, innovating

and involving and that cannot be achieved by a system of government based on the assumption that initiative and understanding lie at the centre. It may be that recognition that leads other countries to measures of decentralisation.

The British response to a changing society was different. The reasons that paradoxically this led to centralisation probably lies in the combination of three factors:

- (a) The inherited pattern of local government and of central-local relations reflecting and supported by a centralist culture.
- (b) The emergence of the Conservative government committed to change in the role of the state in society.
- (c) The confrontationist nature of British politics transferred to central-local relations by the control of many major local authorities by opposition parties.

The immediate challenge to local authorities derives from the last two factors but is grounded in the first factor. The government was determined to change the role of local authorities because they reflected a relationship between the state and society that they were committed to change. The confrontationist nature of politics meant that this led to a struggle in which the rhetoric of "attack" and "defense" was readily adopted. This meant that the Government committed to reducing the power of the state, in fact greatly increased the power of central government in order to enforce the changes it sought. Some of these changes were justified as in effected decentralisation because they forced local authorities to devalue powers to school governing bodies or to use market mechanism. But the reality was that these changes involved detailed control not only of what local authorities should do, but how they should do it — with regulation succeeding regulation, as the government for example sought to enforce compulsory competitive tendering.

The result has been a marked increase in centralisation, which I have argued elsewhere is an inadequate response to the government of uncertainty which placed a requirement for learning, innovating and involved that is not possible in an overcentralised system of government (Stewart 1989, Clarke and Stewart 1991).

This centralisation was made possible because the government was not subject to the constraints of a strong concept of local government, of closely related local and central government systems or of a respect for local values in what was a dominant centralist culture. It is that lack of constraint that marks out "the British case".

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