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CENTRAL AND LOCAL GOVERNMENT^{1/}

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CENTRAL AND LOCAL GOVERNMENT

Introduction

1. The purpose of this paper is to analyse in the light of experience in England the relationship between central and local government and the part which may be played by a Ministry of Local Government in fostering the development of local government.

Some of the courses which have been taken and some of the results which have flowed in England may not be appropriate for or desired by the countries taking part in the Conference.

It is hoped, however, that the paper may assist in stimulating discussion on a number of points inherent in the central/local relationship, with a view to enabling those taking part to decide what is best for their own country.

2. The main points dealt with in this paper and the points which they appear to the writer to raise for discussion, may be summarized as:

(1) The principle that local authorities have only such powers as are given to them under legislation passed by Parliament on the initiative of the central government. It need only be said that it is important to understand clearly from the outset whether this principle lies at the root of the relationship in any particular country or whether some other principle is adopted.

(2) The conception that in administrative operation the relationship between central and local government is one of partnership. The importance of this factor lies in the importance it has on the tone of the relationship and on the greater significance of discussion and persuasion as compared with direction.

- (3) The influence of historical and geographical factors on development in England and the various trends of development. These references are explanatory of some features which may otherwise be difficult to understand. They are not prerequisites of the relationship as it exists today, though they have been important factors in its production in England. Members of the Conference will be able to make their own assessment of the significance of such factors in their own country.
- (4) The influence of the range of the services assigned to local authorities and on their concentration so far as possible in the hands of a single elected authority for each area. The Conference may wish to consider the relative merits of an all or many purpose authority as compared with a number of ad hoc authorities for special purposes.
- (5) The sources of income available for local government under their own control and how far the adequacy of such sources is relevant to the independence of local government.
- (6) The form and amount of assistance from the central government, the Conference may wish to consider how this assistance can most appropriately be used to secure at the same time the progressive development of services, the objectives of national policy and the initiative and responsibility of local authorities.
- (7) The influence of national policy and economies on the continuity and development of local government services.
- (8) The influences upon the central/local relationship of the administrative procedure, practices and habits of mind of the Ministry of Local Government.
- (9) The relationship between the Ministry of Local Government and other Government Departments, particularly in so far as the latter may themselves be in direct contact with local authorities.

Scope of the paper

3. This paper is based largely on the experience of the writer in administrative work in that part of the United Kingdom which consists of England outside the administrative county of London.

The relationship of central and local government may be assumed to be similar in the rest of the United Kingdom. Scotland, Wales and Northern Ireland are excluded because the writer has no experience of work there and London is excluded because the distribution of functions within local government is different from that in the rest of England.

4. Services in any particular area may be provided either directly by a local office of the central government or by a local elected authority acting under powers conferred upon it by Parliament. The former system is not local government as understood in England and it is only the latter system which is dealt with in this paper. The relationship between local and central government in regard to local government is generally described as a partnership. Local authorities in England have no inherent powers and for the performance of their functions they have only those powers which are specifically given to them by legislation. The initiation of action under these statutory powers and the administration of the service rests with the local authority but they act under the general supervision of a Minister specified in the Act, who may be either the Minister of Local Government or a Minister concerned with some particular function; e.g. education, health, transport. The objective of the partnership is to combine the attainment of general objectives of national policy in the services concerned with the responsibility and independence of democratic local government and the success of the partnership depends largely on the extent to which this objective is secured.

5. This paper is concerned primarily with the part which has been played by a Ministry of Local Government in fostering the improvement of local government, and in relationship of such a Ministry with other Ministries and with the local authorities.

General points of information

6. Before analysing these points in detail, it seems desirable, in order to avoid misunderstanding, and to make it easier to consider the possible utility for other countries of any parts of the system, to mention a few general points - the significance of some terms in general use in local government in England, the conditions under which the relationship of local and central government has taken place and the general trends of this development.

7. England itself forms part of the unitary state of Great Britain and Ireland. It is predominantly an urban and industrial country, with several large conurbations and a number of other large single towns, but at the same time with substantial stretches of agricultural country within which large or small towns may be dotted like currants in a cake. The distinction between the conditions and in some respects the needs of town and country and the necessity to provide for both, have been important influences in the course of local government, particularly on the formation of local government areas and the distribution of functions between local authorities of different types.

8. The existing distribution of functions within local government is based on the view that a large town with a compact area and with substantial financial resources should be treated as a single unit in which the whole of the local government functions should be entrusted to a single elective body. Such towns are known as county boroughs. In the rest of the country, the principle is that some services should be assigned to a body covering a wider area and with substantial financial resources - known as the county council - but that others should be assigned to smaller units of government, known generally as county district councils, a term which includes non-county boroughs, urban district councils and rural district councils. The word "region" has no significance in local government. It is used to represent an area, usually covering several counties, which has been adopted by the central government as a convenient unit for the administration of their own services.

9. Local government has only one source of taxation at its own disposal; the property tax known as rates. Rates are payable by the occupiers of property; agricultural land having for many years been excluded from rating as a matter of policy. Property liable to rates is assessed by the Inland Revenue authorities, assessment by the central government having been introduced in order to secure uniformity throughout the country. The amount of the assessment is the figure at which it is estimated that the property can be let. The local authority estimate the amount they will require for a particular year, after taking account of grants receivable from the central government and any other sources of income, such as rents payable for council houses. They then levy a rate, which is based on the assessable value of liable properties and is levied at a figure sufficient to meet the amount required. The rate is described as a rate of X shillings and Y pence (say 18s.6d.) in the L of valuation. Some people may think that there is some difficulty if the rate rises above 20/- in the L but this is not so and rates at or above this level have been not uncommon. The effect of the rating system upon the relationship of local and central government is dealt with in paras 18 to 20.

10. England is a country of relatively small area and there are few parts of it from which a journey to London and back cannot be made by train in a day. The major expansions of local government activities have taken place during the railway age and their course has been facilitated by the ease of contact and of the establishment of personal relations between those engaged in central and local government. The more recent development of air travel should in future make these contacts equally practicable over much wider areas.

Development of Social government

11. There has long been a single central government in England and also a tradition and a practice of local government under which historic units, such as the parish, the borough and the county, have performed functions of government either for purely local purposes or as a part of the government of the country. Local government, as it is now known, its area, its

functions, its machinery of government, and its relations with the central government, have, however, been predominantly the result of the legislation and the ways of thought of the last century or so, and it must be admitted that what now exists has followed not so much from a comprehensive or continuous national policy but from a series of empirical extensions and improvements representing the ideas and sense of priorities current from time to time.

12. Some trends have been continuous throughout the period, while others have been subject to variations from time to time. In view of their impact upon the present position of local government, and the relationship between central and local government, a brief reference should be made to the more important of them:

- (1) A marked increase in the range and amount of public responsibility which has been continuous but the pace of which has quickened during the last forty and in particular during the last twenty years.
- (2) Up to about 1930, these expending responsibilities were generally assigned to local authorities. In the earlier years there was a tendency to create separate facilities for particular services; e.g. education, health, poor law, highways. Policy came, however, to aim at the concentration of local government functions in the hands of all purpose authorities as represented by the county borough councils; or many purpose authorities, as represented by the county councils and county district councils; and to transfer to them the functions which had previously been administered by ad hoc authorities. The policy itself which may be said to have been completed by about 1930 was a manifestation of the growth of a belief in democratic government and coincided with successive extensions of the franchise during the period. The policy of successive governments has for some time tended to assign new functions in administrative counties to the county councils rather than to the county district councils and to transfer to them some of the functions previously exercised by the latter councils.

(3) Since about 1930, the central government has come to undertake a wider measure of responsibility for the direct provision of services in some fields, some new and some taking over functions which had previously been, at any rate in part, the responsibilities of local authorities. Examples are to be found in the National Assistance Board, the Regional Hospital Boards established under the National Health Service, and the Regional Boards established for gas and electricity when these services were nationalized in 1947. During the same period, however, a number of local government services, of which education, welfare, housing and planning are conspicuous examples, have been developed on a much wider range and a much larger scale and the net result has been a substantial continuing increase in the performance and the expenditure of local authorities.

13. During the writer's working life, the Department which is primarily responsible for advice to central government on the relationship between it and local government has suffered several changes of name - Local Government Board, Ministry of Health, Ministry of Housing and Planning, Ministry of Housing and Local Government (its present title). These changes have not affected its focal point as the Local Government Ministry or its continuous responsibility for direct relationship with local authorities in regard to a number of important services.

14. There are, however, other Ministries which are responsible for particular services with which local authorities are concerned; e.g. Education, Health, Transport. Although it is natural that there should occasionally be some differences of emphasis in the attitudes of a Department which is concerned with the efficiency of a single service and one which is concerned to keep its eye on local government as a whole, it is the accepted policy of the central government that the relationship between central and local government should be consistently the same. Since the writer does not wish to go outside his own experience, the analysis which follows will be generally confined to the relationship between the Local Government Ministry and local authorities, but it is believed that it would be broadly true in regard to other Government Department.

Fostering Improvement of Local Government

15. In considering the role which a Local Government Ministry can play in fostering improvement of local government, it would, on the experience in England, seem appropriate to look at it under four main heads and then to make a briefer reference to a few specific points which may be said to flow naturally from the general policy.

The four main heads may be classified as:

- (1) The assignment of functions to local authority.
- (2) The financial assistance given by central to local government.
- (3) The degree of central control over the standard and amount of development by local authorities in the exercise of their statutory powers.
- (4) The administrative relationship between central and local authorities in playing their respective parts in the discharge of functions relating to local government.

Assignment of Functions

16. It might shortly be said that the most important part which the central government have played in fostering the development of local government lies in their continuous policy of giving to local authorities powers and imposing upon them duties for the provision of so many and such important services. It has already been said that local authorities have only such powers as are given to them by legislation and legislation which involves expenditure from public funds, as inevitably do the major local government services, can be introduced only on the initiative of the Government of the day. For a service in which the Local Government Minister is interested or for any general local government topic, the Minister must obtain the approval of the Cabinet and then include his proposals in a Bill to be submitted to Parliament. The Bill will usually provide for the conferment of powers upon local

authorities and the initiative for taking action when the Bill becomes an Act and the kind of proposals which they will submit within the statutory powers rests with the local authorities. The Act does, however, usually provide for the exercise of the powers to be subject at specified points to the approval of the Minister and when the Bill becomes an Act it is usual for the Minister to send to local authorities a Circular to indicate the administrative procedure to be followed and to advise them of the kind of proposals which are likely to obtain his approval.

17. It can fairly be said that the policy of entrusting local authorities with one new service after another over a long period of years has helped to foster the improvement of local government by widening their horizons and presenting them with fresh problems for the exercise of their administrative and professional skill. It is the writer's belief that local authorities generally take, and justifiably take, a high pride in their achievements and in their sense of the improvement and responsible part which they play in government.

Financial assistance

18. As in any aspect of government, finance occupies an important place in the exercise of local government powers and in the relation of central and local government. The view has for a long time been accepted that in so far as local services represent objectives of national policy, it is equitable that a measure of financial assistance should be given by central government. The arguments both within central government from time to time and between central and local government have been as to the basis and amount of such assistance on which a good many different expedients have been tried from time to time.

19. As to the form of assistance, the main argument has been whether it is better to make separate grants for each service and to calculate the grant as a percentage of the expenditure of the local authority, or to have a block grant paid in total with reference to the global expenditure of local government or at any rate of a substantial range of services. The issue is still one of some controversy and the present arrangements for financial assistance include examples of both kinds.

20. As to the amount of assistance, there is a general agreement that in the partnership which exists between local and central government it is appropriate that each partner should bear a substantial part of the financial burden. Very broadly, the total result works out at approximately half and half but there are services on which special grants are paid of a higher amount, either because there is a special degree of national interest in the service or because of the importance of stimulating the development of a new service. One relevant factor in the distribution of finance lies in the co-operative financial resources available to the central and local government. Over a long-period of years, the available sources of taxation have been fully exploited by the central government for national purposes. Local government have been given only one such source; the property tax known as rates. All forms of taxation are inevitably unpopular but from the public relations point of view a specially high degree of unpopularity appears to attach to increases in local rates. When, therefore, the development of new services, the expansion of existing services, or even the increases due to increases in the general price level, lead to increases in rates, there are occasional demands that some service or some particular aspect of it should be regarded as a national service. On the whole, however, the accredited representatives of local authorities are in favour of retaining the full range of local government responsibilities with financial arrangements appropriate to a genuine partnership.

21. The kind and amount of financial assistance is a most important factor in the influence of the central government in fostering the development of local government. Perhaps an equally important factor is the degree of control over the amount and standard of development by local authorities in the exercise of their statutory powers. This influence may be exerted either by encouraging local authorities to do things, or discouraging, on occasion preventing them, from doing things.

Central control over development work by local authorities

22. Capital development is a very important factor in the expansion of services and loans are sanctioned by the Ministry of Local Government to enable a local authority to borrow the cost of the works, the money being borrowed either from the Public Works Loans Board (an organization created, specially for this purpose) or in the open market, the loan being repayable over a specified number of years which varies according to the nature of the work.

The influence of the central government in this field is all important, since the amount of capital expenditure by local authorities has to be looked at in relation to the total amount of capital expenditure which it is considered practicable and expedient for the nation to incur at any particular time.

23. Since we are dealing in general with local authorities whose services are already operative, the policy of the central government may, at one time, be to encourage local authorities to do more than they are doing or to discourage them from doing as much as they wish to do either in regard to their total expenditure or to their expenditure on particular services. There are, of course, difficulties in relating the changes in national policy which result from changes either in the national economic position or in changes in priorities to the operations of something like a thousand local authorities with their individual feelings as to local needs and their own individual idiosyncracies, but it is believed that it can generally be said that, providing clear and reasonably convincing reasons are given for the policy, the administrative operation of the system is not particularly difficult.

24. The other aspect of development on which the Ministry exercise a substantial influence is the standard of works carried out by local authorities. Legislation is usually couched in general terms and the standard of works is therefore largely conditioned by the terms on which the Minister is prepared to sanction loans and/or promise to pay financial

assistance. It is usual for the Minister to issue Circulars to give a general idea of the kind of standards and conditions which he is likely to regard as appropriate, with a measure of flexibility for local conditions or local preferences. The balance between national control and local freedom is an issue on which the practitioners of central and local government have to, and are accustomed to, find their own solution in individual cases.

Administrative Relationships between Central and Local Government

25. What has been said about finance and development, involving in each case both encouragement and control, has no doubt anticipated much that is relevant to the last main point which was postulated for study in this paper -- the administrative relationship between central and local government in the discharge of functions relating to local government.

The general objective of policy is to retain as much control as is necessary to secure the broad objectives of national policy involved in a service and to leave an adequate amount of initiative, responsibility and freedom of action with local authorities in the light of their knowledge of local conditions and local needs. It need hardly be said that if this balance is to be properly struck, the practitioners of both authorities must develop a mutual understanding of one another's difficulties and be prepared for a reasonable give and take in the course of administration.

26. The Ministry can exercise much influence in fostering this understanding in various ways. There is first of all the regular issue of information by circulars or memoranda to keep local authorities informed of the developments of current policy, of the procedure to be adopted and of the general conditions, both administrative and technical, to be observed in order to facilitate ministerial approval to proposals of the local authorities. This practice has been unkindly referred to as government by Circular but it is difficult to see what better way there is in a literate age for the continuous bulk transmission of information and guidance. Then there are conferences which may be arranged either by the Ministry or by local authorities, or by professional bodies, which provide opportunities for addresses or circulated papers and subsequent discussion on selected topics.

27. Then there are the continuous discussions which take place between the Ministry and local authorities or their accredited representatives. Within local government and on the initiative of the local authorities themselves, there have been established associations representing each of the different types of local authority - the County Councils Association, the Association of Municipal Corporations, the Urban District Councils Association, and the Rural District Councils Association. It is customary for the Minister to consult these Associations informally in advance on matters of policy or administration which may affect their interests. Consultation does not imply the necessity for agreement but the free and frank discussion which it involves often increases the area of agreement and in any case promotes a better mutual understanding of problems and points of view. The way in which this kind of consultation is handled may make a real difference in the central/local relationship.

28. Lastly, in addition to these generalized contacts, there is the contact taking place every day in the working out of current administration between representatives of the Ministry and elected members, administrative and professional representatives of local authorities. These meetings can have an important influence not merely in solving the particular problem for which the meeting was arranged but in developing personal relationships and mutual appreciations which should simplify and ease problems which arise subsequently. Many people would regard the measure of success attained in this day-to-day work as one of the most important factors in guiding the central/local relationship along the right channels.

29. The influence which Members of Parliament and the Press can exert on the central/local relationship is, of course, substantial. Reference to it has been omitted because they are free to exercise this influence according to their own volition and it is therefore not an influence which can be directed by the Ministry.

30. The relationship of the Ministry of Local Government in England with other Government Departments may be dealt with shortly. The distribution of responsibility between Ministers is primarily on a functional basis. Several subjects which bring central government into continuous direct relationship with local authorities are of sufficient importance to call for the attention of a separate Minister; e.g. Education, Health, Transport. The general principles of central/local relationship are a matter for Cabinet policy and the idea that these relations should be in the nature of a partnership with the administrative practices which this principle connotes has been long established. The Cabinet would look to the Minister of Local Government to initiate any changes thought desirable in the general structure or organization of local government or to draw attention to any developments likely to run counter to the established principles. The regular consultation which takes place between Ministers and their Departments is relied on to secure the maintenance of reasonable uniformity in the current conduct of the central/local partnership.