



# **POLICIES FOR PROSPERITY**

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# Transforming Localism

## An Agenda for Prosperity

### TIME FOR SOCIAL DEVOLUTION

“The gentlemen in Whitehall really do know what’s best.” To Margaret Thatcher this phrase epitomised everything that was wrong with the heavily centralised state that she inherited. Government took a top-down approach which did not give individuals, families, and communities the power to make their own choices about what was best for them.

There have been ideas like the Big Society and some degree of acceptance that in the same way that too much economic activity could crowd out private initiatives, too much government could crowd out individual social action. Still, the reality is that the position of central government has not moved significantly. The gentlemen in Whitehall may not know what’s best, but they remain convinced that they know better than the gentlemen in town halls.

As a result, the localism agenda has been one of contradictions. The combination of unprecedented reductions in grants and limits on revenue-raising capacity coupled with increased responsibilities has raised significant debate about the sustainability of local government. Yet this Index demonstrates the ongoing importance of local government as an agent of positive social change. Central government cannot know an area; it cannot know the challenges faced by those in need and who on the ground can help them. Local government is much better placed to do this.

In Swindon we took the unprecedented decision to use part of the money collected through council housing rent to pay the under-occupancy charge for a handful of families. We did this because together with the community we knew that it would keep those families away from the food bank and off the street. Yet to do this we required the permission of central government. Yes, there has been modest devolution in Council Tax Support and local welfare payments, but too often the devolution of responsibility has not come with the funding for meaningful change.

Much has been made of empowering local authorities and businesses through bodies like Local Enterprise Partnerships (LEPs) to drive economic growth and job creation. This is important work, but as this Index shows, prosperity is more about what you do with that growth. We have seen many more people move into work, but they remain socially excluded. A rising economic tide in theory lifts everyone, but in Swindon, and indeed across the country, areas of deprivation remain, and stubbornly so. Prosperity has not reached all.

Recognising this, we have recently appointed the former food bank manager to look at social inclusion across Swindon. His



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remit is specifically to examine what both the Borough and the voluntary sector are doing to see where better links can be made. The causes of poverty and exclusion are not uniform and no layer of government can fully engage with them. What we can do, however, is ensure that people in need are linked to those local organisations and individuals who can help. We can ensure, for example, that those who the Council flag as struggling to pay their Council Tax are linked immediately with the Citizens’ Advice Bureau.

It has been widely accepted through the creation of LEPs that local areas know best when it comes to their local economic need. The same is true of our local social need. Given the link between economic growth and social inclusion, and—as this report shows—the link between social capital and economic regeneration, it is clear that the economic and the social are not readily separable. Local government and communities must be given the opportunity to deliver both.

Such an approach would be the logical extension of the clear policy objective of devolution of funding through the LEPs, but it would also take the devolution of benefits and poverty relief a step further. When anyone gets a job, it saves both central and local government money, though the saving is predominantly Whitehall’s. There are few incentives for local government to prioritise the use of very limited funds on anything but demand-driven statutory services. Indeed, many councils simply cannot afford to do so.

When it comes to localism, a policy approach is needed that recognises the link between economic and social inclusion and passes down the freedom and power to address both. If the social payoff of economic growth, and indeed the economic payoff of social progress, were readily in the hands of local government, it would promote a different approach to local policy-making—one that truly took account of the way in which prosperity is linked to economic growth.

Instead of just building a road to unlock some land for development, what about going a step further and asking who is going to build that road? Will local unemployed people have the benefit of those jobs? Will those houses be available for key workers? How can the levy from that development best offer opportunity in the town?

While local authorities have some powers, such as in the Social Value Act, an approach that involved looking at the total budget for economic growth and services to help those in need might allow those resources to be better deployed overall.

## The UK Prosperity Index A Call For Radical Localism

This landmark Index shows that the path from poverty to prosperity in the UK is not just one of wealth creation alone. How wealth is translated into prosperity also matters. In this regard, it is the absence of aspiration and life chances that keeps prosperity at bay in too many parts of the UK, particularly in urban areas.

What the Index also shows is the power of the local. The windswept Hebrides demonstrate the commanding potential for transformation when responsibility rests with a community. Here is a case where we see the economic return from investment in social capital so widely demonstrated in academic literature.

Hull, Britain's least prosperous area, shows the wealth of knowledge at a local level. It shows what can be achieved against all odds when local practitioners do what they know is best, not necessarily what government tells them to.

Localism has been about what central government would rather not do, instead of what communities and councils can do better. The translation of local economic activity into prosperity for Hull is going to be very different from the Hebrides. A central approach has not delivered and cannot deliver.

Instead, power, responsibility, and the freedom to innovate in delivering both economic and social development must be entrusted to individuals, communities, local organisations, and councils. As this happens, it must be clear that local government should not merely replace the paternalistic hand of central government. Instead, it is uniquely placed to push responsibility and powers further into the hands of those who can actually affect change for the better.



# Policies for Prosperity

## WORKING WITHIN THE EXISTING SYSTEM: LOCAL PROSPERITY PARTNERSHIPS

We propose that the power to address both the economic and social need in an area should rest at a local level. The Local Enterprise Partnership (LEP) model is a good one, and should be extended to cover social progress. We propose the creation of a Local Prosperity Partnership under which the existing LEP, looking at economic development, would sit alongside a new body focused on social development. Similar structures could be created to support the economic focus of the City Deal, to shift attention from growth to broader prosperity in intervention areas. Prime candidates in this regard are the new directly elected mayoralities established in the Cities and Local Government Devolution Act 2016.

We envisage that this social body sitting under the Local Prosperity Partnership would include:

- the local authority or authorities
- third-sector organisations
- community leaders
- local Clinical Commissioning Groups
- key local schools

The remit of the Local Prosperity Partnership would be to identify the need for economic and social investment in an area and then to deliver on that investment—to secure not only economic growth but also prosperity with that growth. We propose an initial five trial areas, with the creation of a small Prosperity Fund—to mirror the infrastructure fund available to LEPs—to finance investment in social infrastructure.

## DEPARTING FROM THE EXISTING SYSTEM: PUTTING PROSPERITY IN THE HANDS OF THE PEOPLE

The South Uist model of community land/asset ownership through a not-for-profit company undoubtedly works for a small, close-knit island community. However, such close-knit communities are also found in urban settings, often in areas of high deprivation.

We wish to explore further how the Hebridean model could be applied to such communities. A radical departure from our more paternalistic localism would be to put the future of these communities in their own hands. Such a move might comprise

the following steps:

- creation of a not-for-profit company covering an estate or distinct community area;
- transfer of all public property assets to that company (including council housing and land);
- directors to be elected by the community and held accountable annually at an AGM;
- the local authority to retain a directorship;
- recruitment of CEO and other officers to run the company;
- revenue generated from the assets to be used in the best interests of the community, as determined by that community.

Currently, the revenue from public social housing is strictly controlled in what it can be spent on and councils are constrained by government policy. Under our new arrangement, communities would be free to make decisions about their own futures. Rent could be means-tested and bursaries created to help struggling families. Revenues could be spent on support services that local authorities cannot currently afford. Crucially, capital could be raised against the assets, subject to debt controls, to fund more social housing, and grants from third parties could also be applied for to help fund community services. In the estates of cities like Hull, currently devoid of aspiration, revenue could be used to expand the horizons of the young. Elsewhere it might be provision of free exercise classes, anti-gang interventions, retraining, or funding for a local advice point. The key is that the decisions—and prosperity—would be in the hands of the community itself.