



**RUNNYMEDE TRUST RESPONSE TO:
Communities and Local Government Select Committee inquiry into Localism**

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About Runnymede

Runnymede is a social policy research organisation focused on race equality and race relations. We work by:

- Identifying barriers to race equality and good race relations
- Enabling effective action for social change
- Influencing policy at all levels through providing thought leadership and robust evidence

Executive Summary

- Decentralisation of power could be a welcome development for Black and minority ethnic communities, especially where local communities have the power to decide what best meets their needs and interests .
- However, simply moving decision away from central government does not resolve the problems of democratic accountability, fiscal transparency, equality and rights.
- If local decision-making is democratic and inclusive then concern about 'post-code lotteries' can be minimized. We accept local variation is permissible, within boundaries. However, there must be mechanisms to ensure a minimum standard of public services is ensured for all, regardless of address.
- Increasing race equality will reduce public spending. If decentralisation is to achieve substantial public savings it is important that service delivery does not result in increased ethnic inequalities which would result in greater public expenditure further down the line.

- There is a danger that in the drive to localise power and cut bureaucracy, local authorities will not be sufficiently held to account on decisions they make. New ways to hold local authorities to account need to be explored, particularly in relation to race equality. Some local authorities may also need further resources and training to deliver their new powers effectively.

Response to inquiry

1) The extent to which decentralisation leads to more effective public service delivery; and what the limits are, or should be, of localism

3) The role of local government in a decentralised model of local public service delivery, and the extent to which localism can and should extend to other local agents

4) The action which will be necessary on the part of Whitehall departments to achieve effective decentralised public service delivery

1. Decentralisation could be a beneficial development for those from Black and minority ethnic (BME) communities, particularly as localism could lead to public services more effectively tailored to the specific needs of local communities. We agree that local people and communities may be better able to determine how best to respond to their needs, and of course that needs vary significantly by location.

Two concerns arise in thinking about how decentralisation may be more *effective*. First, is that inequalities locally are likely to mean that some people are better able to express their interests, and have their needs better met. There is much evidence that apparently universal public services often lead to unequal outcomes based on the advantages that different citizens bring to those services prior to delivery, and there is no reason this will be different for decentralised service provision.

Second is that there may be a difference between *effective* and *efficient*, especially in areas where there are particularly pressing needs. In such localities, it may prove extremely costly to respond to those needs, but doing so will of course make public services more effective in the sense that they properly target those with the greatest needs, and affirm the value of equal rights and citizenship.

In sum, decentralization and public services reform need to ensure *choice*, but also *voice*, while at the same time protecting and affirming everyone's *rights*. These principles should guide the implementation of 'localism', but also outline its limits. We now explain these concerns in more detail and specifically in the context of race equality – responding to questions 1, 3 and 4 together.

2. A key problem in relation to race equality is that policy on equality since the Race Relations Amendment Act has used new public management (NPM) models in order to address the role that public authorities have in promoting race equality and good relations. NPM models do not fit easily with a desire to decentralise decision-making, given their emphasis on centrally agreed targets, monitoring and reporting. The development of tools to support the implementation of the Equality Act should seek to address this mismatch, bringing monitoring and accountability on equality more in line with new models of accountability which put the citizen at the centre rather than upwards reporting to inspectorates and central government.

3. At the same time, there may need to be further training or resources for local government or other local employees who get new powers. Currently centralisation means not only that many decisions are made in Whitehall, but that many people with expertise in making these decisions have to work in London. To localise power effectively, the relevant skills should be better distributed across the UK, and this will involve people moving out of London, but also further training and resources for those already working for local institutions, and perhaps greater prestige for employment in local authorities.

4. CLG has a crucial role to play in delivering this change, both in its role as lead department on race equality and in its relationship with local government. Finding ways of delivering appropriate levels of accountability to citizens is a key stumbling block for many in promoting localist and/or Big Society approaches. Some key problems arise:

4.1. *Sharpest elbows* – It is important to ensure that marginalised groups have an equal say in local decision-making, so that services are not merely designed around those who are most articulate or who have the most useful forms of social capital. This is just as important in areas with small BME communities as in those with larger BME communities.

4.2. *Democratic deficit* – The legitimacy of decisions is dependent on transparency; democratic accountability is our best mechanism for this to occur. Democratic accountability is not a key strength of voluntarist approaches. There has been little clarity so far in discussions about localism of what the proper role of local government is and how it needs to be strengthened to provide transparency and legitimacy to decision-making – particularly crucial when the decisions before us are likely to impact disproportionately on the already marginalised, including Black and minority ethnic communities.

Making collective decisions suffers from two problems: how to adjudicate competing claims, and how to ensure the resulting decisions are legitimate and accountable. Democratic decision-making *institutions* are the best way of responding to these difficulties, so currently local authorities and local councilors appear the best institutional mechanism for ensuring accountability. To the extent that local people are not always engaged with these institutions, those decisions will neither accurately reflect everyone's interest, and nor will they be fully accountable. But if we 'localise' service provision or collective decision-making further – and to institutions or people that have no democratic standards – this will not only lead to resentment, but further undermine people's faith in institutions and democracy generally.

4.3. *Minimum guarantees* – If local decision-making is democratic and inclusive then the worry about 'post-code lotteries' can be minimised, but only within certain boundaries. What are the mechanisms for ensuring a minimum standard of public services for each citizen regardless of their address? Who is responsible for ensuring that marginalised groups are included, and what incentives/sanctions operate for their exclusion? What are the limits of difference we are prepared to accept between localities? In a society that has significant inequalities between areas, however, post-code lotteries are heavily loaded in favour of the more wealthy. The previous government's attempts at neighbourhood renewal highlighted that areas with high levels of deprivation are more difficult to turn around than relatively wealthy areas. Differences in local outcomes would be more acceptable to the general public if these inequalities were taken into account in the levels of financial support for different areas based on levels of deprivation.

5. Therefore decentralisation is often welcome, but it does not resolve the problems of democratic accountability, fiscal transparency, equality/rights, or inclusion, simply by moving decision-making away from central government. If

decentralisation is to be fair and effective, these issues need to be addressed – ideally before we are too far down the road, and thereby miss the opportunity to create a localism that works for all.

5) The impact of decentralisation on the achievement of savings in the cost of local public services and the effective targeting of cuts to those services;

6. It is worth highlighting that successfully promoting race equality will reduce public spending. If we were able to reduce the major persistent racial inequalities, we would make significant savings on spending. Part of the tragedy of racism is the waste of resources and human potential that it engenders.

- In the UK we currently imprison a greater proportion of our Black population than even the US
- Achievement gaps persist in education despite significant investment in inner city schools,
- Black boys and girls are three times more likely than their white counterparts to be excluded from school,¹
- Pakistani women seeking work are four times more likely than white women to be unemployed
- BME graduates are three times more likely than white graduates to be underemployed

7. The social and economic waste that patterns of racial discrimination and inequality perpetuate lead to increased levels of public spending on supporting families, rehabilitating offenders, unemployment benefit, mental and physical health, etc. Our ongoing collective failure to address these inequalities costs the Exchequer dearly. Few attempts have been made to measure the real costs of race inequality, however, the REACH report to CLG estimated that if the educational underachievement of Black boys, and their over-representation in the criminal justice system could be addressed it would save £808 million in spending each year. This figure could be higher if we were to take into account the wasteful use of resources that racism enables, for example, the over-use of stop and search powers by the police on people from Black and minority ethnic backgrounds – which too rarely lead to crime detection, debilitate community

¹ Debbie Weekes-Bernard (2010) *Did they get it right yet – a re-examination of school exclusions and race equality* Runnymede: London <http://www.runnymedetrust.org/publications/148/32.html>

relations with their police service, as well as cost thousands of pounds in police time each year.²

8. If decentralisation is to achieve substantial public savings it is therefore important that service delivery does not result in increased ethnic inequalities and greater public expenditure further down the line. However, if decentralisation is carried out in a way that takes into account the specific needs of varied communities, race inequalities could potentially decrease, thus leading to more savings in the long term for society as a whole.

9. However, we must also face up to the fact that responding to some needs is more costly than responding to others. Whether this is in rural isolated communities, for disabled people, or among Black and minority ethnic groups, it may be more costly to provide the same service provision to some people rather than others. We need to be honest about the costs of reaching the most vulnerable, but also about the obligations public bodies have to ensure that everyone has fair access to public goods and services.

6) What, if any, arrangements for the oversight of local authority performance will be necessary to ensure effective local public service delivery

10. There is a danger that in the drive to localise power and cut bureaucracy, local authorities will not be sufficiently held to account on decisions they make – particularly following the scrapping of the Audit Commission. In particular, if equality regulations are watered down as part of a drive to reduce bureaucracy this could have a negative impact on Black and minority ethnic groups.

11. As argued in Runnymede's paper "Local Decision Making and Participation" (2007)³, one solution to this could be for the government to determine areas over which local communities (and local councils) should not have the authority to decide, such as minimum standards of human rights and race equality.

² Kjartan Sveinsson (ed.) (2010) *Ethnic Profiling: The Use of Race in UK Law Enforcement* Runnymede: London
<http://www.runnymedetrust.org/publications/143/32.html>

³ Omar Khan (2007) *Local Decision Making and Participation* Runnymede: London
<http://www.runnymedetrust.org/publications/19/32.html>

12. In addition, as ippr argue in their paper “Equality, Entitlement and Localism”⁴, it is important that the new Public Sector Duty introduced in the Equality Act is used to ensure accountability and to make sure that localism does not lead to a reduced focus of tackling inequalities experience by particular groups.

13. Accountability *could* be driven from below; indeed this would be a more ideal citizen-focused model. There are numerous examples from the US in terms of how community organisations have led the way in holding decision-makers to account on race equality,⁵ but in order for this to approach to be effective, it will require the development of more effective community organisations.

14. Finally, another way to enforce accountability at a local level in relation to race equality could come from an increased role for Race Equality Councils (RECs) in holding local authorities and service providers to account. RECs may well have a better understanding than central government of the local situation and of the specific needs of the different ethnic groups in the area. Currently the size and effectiveness of RECs across the country is varied – indeed some areas have no RECs at all – so much work would need to be done to increase their capacity and presence if they were to hold service providers to account on race equality.

7) How effective and appropriate accountability can be achieved for expenditure on the delivery of local services, especially for that voted by Parliament rather than raised locally.

15. For organisations to exert power effectively they typically require some control over their revenue stream. The Lyons Review (2006) suggested some interesting ideas for giving local authorities tax-raising powers, and how to phase those powers in over time. We agree with the general principle that more taxation should be raised locally, not only to reflect the increased authority exercised by local bodies, but to allow better responsiveness to particular needs. This would ultimately result in the reform of council tax, with its replacement by a more proportional local property and/or income tax.

16. Where local expenditure is granted by the will of Parliament it becomes very difficult to achieve accountability. Parliament and indeed every citizen thereby gains an interest in knowing how every local service is provided, and a right to

⁴ Phil McCarvill (2010) *Equality, Entitlement and Localism* ippr: London

⁵ See Minnesota’s Organizing Apprenticeship Project for a good example www.oaproject.org

know how money is spent. This is why the Audit Commission existed, and a new or existing agency will have to fulfill this function.

17. At the same time, of course, local people are often well placed to judge the spending efficacy of their local institutions. In addition to a central institution to ensure accountability to Parliament, local authorities could be required to explain and publish their annual budgets, and even have quarterly or annual town meetings to respond to local questions.