



# **Decentralisation, Transparency and Accountability**

Oliver Letwin

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I am a tremendous proponent of the Sustainable Communities Act and of what lies behind it – and indeed of what lies ahead of it.

But I want to sketch the general framework of ideas into which, from the Conservative Party's point of view, the Sustainable Communities Act fits.

From our point of view, the question of whether we should engage in some effort to decentralise Britain is not a matter of choice but of necessity. The next government, whoever it may be, is going to have to do an enormous amount of work very quickly to try to put the nation's finances back on a stable footing because of the massive structural deficit which is currently in place. That won't be enough. It's almost inconceivable that any government could achieve the kinds of shifts in the relationship between revenue and expenditure which are required simply through tight expenditure control.

The pressure for actions that will lift people out of poverty and get people into work, improve their schools, their local communities and their hospitals will be enormous. Our view is that the only way in which those pressures can be met over a five to ten year period is by ensuring that the tight expenditure control in early years is accompanied by a profound structural reform that can get more for less and deliver what people want with efficiency in-built. Our view is that the only structures which will ultimately do that are not centralised bureaucratic structures which we think are inherently inefficient, but structures which instead have three main features - decentralisation, transparency, and accountability.

We have a kind of hierarchy in our minds. Wherever possible, we want to decentralise to the limit; that is to say, to empower the individual citizen or family - to provide accountability quite directly to the individual or family. So for example in the case of schools, our view is that the direction in which Andrew Adonis when he was schools minister began to move, in which a dedicated school grant follows a pupil to the school of his or her choice, needs to be taken much much further. We therefore envisage ending what is effectively a monopoly of local authority education in a given area and creating a competitive framework in which the accountability of the Head is to the parents and pupils because if they choose to walk they take the taxpayer's money with them. Only by attracting them, maintaining them and keeping them can the Head continue to run the school.

We have a very similar view about the operation of the NHS. We don't believe that you can continue to run the NHS as a monolith and we would move to a situation in which there is open competition within the NHS between one hospital and another, and with new providers coming in who are willing to offer the NHS tariff. Accountability directly to the patient. Clear information, so that you can look online at the performance of your chosen GP; and, when you go to the GP's surgery, you can look with the GP online at the performance and reported patient outcomes for each individual hospital, make the choice, and go to the hospital of your choice. The hospital is accountable quite directly to you and to your GP, who is directing the taxpayer's money on your behalf to that hospital. And the GP, too, is accountable. If you go to a different GP, then the taxpayer's money goes with you.

So there is a range of public services in which we believe that decentralisation can go right down to the level of the individual or the family, and the accountability can be from the provider to the patient or pupil.

But that can't be done across the board. There are cases in which such individual choice simply doesn't apply. For example, it's not possible to let criminals decide which police officer arrests them. It's also not possible – or not easy, anyway – to envisage a system in which those who are being brought out of welfare dependency and into work can have a choice of which provider helps them do that. In these cases, the second level of the hierarchy, we seek a different form of decentralisation, accountability and transparency.

For example, we propose subjecting the police to democratic accountability in the form of removing a whole pile of directives and targets and national and regional plans and so on from the Home Office, and replacing those with locally elected police commissioners. And we will impose a requirement for the provision of open network data, down to neighbourhood and street level on crime, so that people can form crime maps. So the police will no longer face upwards to the Home Office but outwards to the population. The police commissioners will need to satisfy their electors at re-election time that the police have been doing a good job on behalf of the local population.

When we turn to the case of welfare to work or of the rehabilitation of offenders, we choose a payment by results method.

We propose to arrange things so that voluntary and private sector organisations are paid the money the taxpayer saves when they get people off benefit and into sustained employment. And we propose the same model for rewarding social enterprise and private sector organisations by paying them the the vast sums that the taxpayer doesn't have to pay if they reduce the 70% recidivism rates of people recycling through the criminal justice system. Of course there are long run savings for the taxpayer, huge long run savings for the taxpayer, but the short term savings go to the provider. Totally transparent, totally decentralised, completely accountable. You either get the success or you don't. You get paid or you don't.

But we recognise that not everything is like that either, because there are plenty of aspects of our lives that aren't like policing or lifting people out of welfare or reducing recidivism rates, but are much more generalised social goals. The maintenance of quality of life of a community is a vastly more intangible thing.

The fact that it's more intangible doesn't mean that it's less important. The quality of life in your neighbourhood is a fantastically important thing to almost all of us, and we believe that attempts, very often well-intentioned attempts, by the centralised bureaucracy to improve neighbourhoods and to try to lift the quality of life of those who are most hard-pressed have typically failed. Not for want of trying, not for want of goodwill, but because people descending upon a community with schemes and initiatives tend to miss whatever it is that is special about the place concerned. They tend not to create the social capital and the social and personal enthusiasm that can be generated if things are done from the bottom up.

In this third level of the hierarchy, where we can't decentralise to the level of the individual or the family and where we can't explicitly reward success for tangible results, what we seek is decentralisation to communities. This includes handing power to traditional local government at all levels including down to parish level, and in the case of urban areas down to residents associations and to ward level, and also beyond that to community groups.

We believe there is a huge and under-exploited latent desire of people all over the country to take command of their own environment if only the structures allowed them to do that. So we will, for example, give a universal power of competence to local authorities so that instead of allowing the local authority to do only that which the law gives them power to do, we will switch the thing round and,

as in many other countries, permit the local authority to do anything that is not expressly prohibited by law. Clearly we're not going to allow the West Dorset District Council to engage in murder as that is prohibited by law; but we're going to say that if something is not prohibited by law then they don't have to ask if they have the power (the vires, in the jargon) – if it is not prohibited they have the power to do it, just as you and I have the power to do anything that is not prohibited in law.

It's a very strange state of affairs in Britain currently if you think about it – that you and I can do anything which the law does not prohibit, but that a local authority on our behalf cannot. That we need to change.

But that is just the beginning of a series of changes. We need, for example, to remove ring-fencing of grants so that local governments can make their own decisions about how to spend their money. And, because decentralisation has always to be accompanied by transparency and accountability, we will also subject those local governments much more to democratic checks.

To give you one example, it has been traditional for many years to cap council tax. We say no; let's not have a centralised cap; let's instead subject local government to democratic accountability. Let's let them tell the local populace transparently why they want to raise the council tax (if they do) above a given norm (say the rate of inflation) and seek in a referendum permission from the local community to do so. If that is something the local community is willing to bear, fine; if not, not. And then we will remove targets, whether targets over house building or a range of other things which are imposed currently from central government in many cases via the regional apparatus. Remove all those targets. Instead, enable local governments to respond to local demand, and subject them to accountability locally.

When we move to the community group, our idea is to empower so far as possible at the most local level the communities to do things for themselves. One of the most splendid things that's happened to me in the last few months was the creation of the Thorncombe village shop. A few months ago our shop was being closed. We decided as a community (in my front garden) to reopen it; it is now open; it is the most beautiful shop in England – if you want to come to Thorncombe you will see. It also has the best produce, as most of it is local. If you think I'm having you on, come and see; it really is a good shop.

But how good a shop it is, is not really the point. The point is that in the making of the shop, the village has been transformed. People who had hardly spoken to one another for years have worked together. Many of us are now doing a couple of hours a month or more serving – it's not much, but because many of us are doing it the shop is ours, and not something that someone else is providing for us. It is a transformation. I've seen the same thing happen with community pubs, and village halls that have been built by community groups.

And this doesn't need to be just in villages. The need is greatest in the inner city hard-pressed estates. What could be better than enabling a local group, a residents' association for example, to take over the community centre in their estate, currently run down and misused or disused? We recently announced that we would, if elected, give powers to enable people to take those things over and indeed to trigger a compulsory purchase by local authorities of disused public facilities. So if, for example, a private landlord closes a pub and proposes to keep it closed, under the legislation we propose, a local community group would be able to trigger the use of the universal power of competence to engage in compulsory purchase to take over that pub as a community pub at fair value.

I don't want to give you an endless sequence of specifics which you can read at tedious length in the multitude of green papers now available on our websites. What I want to point out is that there is, running

through all this, the same logic, the same basic idea. The idea is that centralised bureaucracies are not good at delivery, are vastly and unsustainably expensive and that decentralisation, transparency and accountability are the answers.

These are enormously powerful things, and I think they can transform the way in which things are done in Britain.

I make two closing observations. One is that this hugely radical programme will have the surprising effect of making us much more like most other countries. We are extraordinarily centralised. We are the only country in Western Europe that runs a monolithic health service from the centre. We are much more centralised in almost every respect in relation to local government than almost anywhere else, and most of what I've described would seem perfectly commonplace in most other European contexts. So although it's very radical in British terms, it is not a bold move into the unknown. It is simply moving us into the sphere of what is normal elsewhere, in developed European countries.

I think that what I have been describing will become a consensus. I think that ten years from now, we won't be debating any more whether these things are the right kinds of things. We will be debating how best to do them. We'll be debating distributional issues, and allocative issues, and issues about what precise methods of decentralisation, accountability and transparency work best in given cases. I don't think that anyone in this country will want to return to a highly centralised, very expensive, extremely ineffective bureaucratic machine for the delivery of public services, and for the control of communities as at present.

So I am extremely optimistic about the medium term. There is a rather rough patch of water to get through as a result of the ghastly fiscal position in which we currently find ourselves. But if we can get through that, and onto the effects of these structural reforms, I think we will find eventually a Britain that is delivering substantially more, for substantially less, with much more satisfaction, much more empowerment of individuals, of communities and much more sense of social responsibility – in short, a much happier country.



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