I welcome this opportunity to submit written evidence to the House of Lords Select Committee on Citizenship and Civic Engagement. This reply draws on my personal senior level experience and recent published academic work on financial sustainability, accountability and transparency in the central and local government arena that specifically addresses aspects of citizenship and civic engagement regarding budget processes.

Overall, the main focus of my response concerns addressing Point 7 of this Committee’s work being, ‘How can society support civic engagement? What responsibility should central government, devolved and local governments, third sector organisations and the individual have for encouraging civic engagement? What can the Government and Parliament do to support civil society initiatives to increase civic engagement?’

Following the worldwide financial crisis of 2007 and 2008 and subsequent recession, by 2010 the UK current budget deficit had skyrocketed to £103 billion from £20 billion in 2005, representing about 6.9% of Gross Domestic Product in 2010 compared to less than 2% in 2005 (UK Public Spending, 2017).

To address the budget deficit the Conservative-Liberal Democrat Coalition government in the United Kingdom proposed severe austerity cuts and between 2010 and 2015 they pursued a policy termed ‘austerity-localism’ for English local government that has been largely continued by the Conservative government since 2015. In this context, local authorities had more power to make their own decisions through the Localism Act 2011 but set against significant budget cuts from austerity and existing constraints on raising funding themselves. For example, in the field of English local government the cuts were especially harsh with austerity measures rolled out across several budget iterations, resulting in a 37% real-term reduction in core central government funding equating to a 25% reduction in income/spending power (including council tax) between 2010/11 and 2015/16. This was even though during this period changes in government policy created over 160 new burdens on local government, with an estimated value of £11.5 billion, many of them unfunded (Jones, 2017). In addition, local government cuts were relatively more severe than for other parts of the public services and arguably fell relatively disproportionately on Labour politically controlled, urban, metropolitan councils than ‘leafy’ shire, wealthier, rural Conservative politically controlled councils (Ahrens and Ferry 2015, 2016). Furthermore, local government’s reliance on central government grants left authorities vulnerable to funding cuts during the current austerity programme (Ferry, Eckersley and van Dooren, 2015), with central funding for English councils set to fall by 56% between 2010 and 2020 (Lowndes and Gardner, 2016) despite rising demand for local public services (Hastings et al., 2015). As a result, the cuts led to challenges concerning the institution of democracy itself as over the following years there have been various high level protests against the cuts from local government, business lobby groups and citizens, including those that called for a more radical politics (Ahrens and Ferry, 2015, 2016; Ferry and Ahrens, 2017).

With regards to local government, from 2010 the Conservative led coalition government not only adopted a policy of ‘austerity localism’ but also announced abolition of the Audit Commission and scrapped the centralised performance management arrangements. The
National Audit Office (NAO) was now given responsibility for reporting on the financial sustainability of local authorities and there was an expectation that performance would be largely policed by citizens acting as an army of armchair auditors through raw data made publicly available as part of a transparency agenda (Ferry, Eckersley and Zakaria, 2015; Ferry and Eckersley, 2015a, 2015b; Ferry and Murphy, 2015a, 2015b, 2017).

Unfortunately, armchair auditors have not materialised in significant numbers and the accountability landscape remains fractured and fragmented (Ferry, Eckersley and Zakaria, 2015; Ferry and Eckersley, 2015a, 2015b; Ferry and Murphy, 2015a, 2015b, 2017).

During this period, some local authorities have been actively engaging with the public as part of citizenship and civic engagement initiatives although often not without controversy, especially concerning the politics of the budgeting process.

Newcastle City Council (NCC) provides an example of a local authority that embraced citizenship and civic engagement. They established a Fairness Commission, Let’s Talk consultation process, 3-year budgeting, budget simulator and accounting arrangements that had aspects of public value accounting, which gave interest groups and citizens a voice in not only deciding on budget options but constructing what they should be, and getting involved in the governance, delivery and funding of services (Ahrens and Ferry, 2015, 2016, Ferry and Ahrens, 2017). At NCC, the Fairness Commission was launched in 2011 to provide guidance on fairness and equality as a vision for change at a time of facing challenges of making hard decisions with shrinking resources. Various institutional representatives sat on the Commission with the approach being to define some principles to improve decision-making and provide guidance. To further engage citizens, NCC also devised ‘Let’s-talk’ as “a new conversation with our city” for defining outcomes, priorities and funding allocations. This involved four types of activities. ‘Talkabout’ was a series of conversations with stakeholders about what they think the future priorities should be. ‘Walkabout’ consisted of politicians’ and senior officials’ visits to local authority wards and local services in order to get to know local issues. ‘Thinkabout’ sought information and advice from people about NCC’s strategic issues. ‘Decideabout’ gave local people the opportunity to be involved in decision-making, for example, through ward committees, and public meetings. ‘Let’s-talk Newcastle’ online also provided a web based community engagement tool. Additionally, stakeholders could get involved online through email, Twitter, Facebook, and by telephone, in writing, and in person. Stakeholders became more engaged with the process. For example, in its first year, Let’s-talk involved over eight thousand citizens in debates about the future of the city, which thereby helped to define outcomes and determine interventions. A 3-year budgeting framework was employed instead of traditional annual budgeting not merely to highlight the scale of cuts to citizens, although it had this effect, but to improve planning, priority setting and marshalling resources as a means to both strengthen resilience against austerity and combat short term salami slicing cuts that would undermine financial and service sustainability of the council. The online budget simulator gave citizens a range of potential policy options for cuts and growth and also around funding choices, including increasing or reducing council tax. With regard to budget changes the impact assessment templates – a form of public value account - specifically recorded the financial cost of a budget proposal and the department that spent the money. They also recorded the efficiency and effectiveness of performance measures and how the proposals
linked back to the Fairness Commission principles to assess the benefit to certain client groups or broader community. Within the context of cost-benefit analysis, all processes of public deliberation relating to the proposals were recorded as part of the democratic governance arrangements. The impact assessment templates were also monitored and an audit trail showing how decisions evolved through democratic deliberation was made available on-line for public scrutiny. As part of these processes there was an amount of controversy given the nature of budget cuts deemed necessary. This included protests from the grassroots that got local and national media attention and reflected a momentum for protests against austerity and cuts across England more generally, especially relating to central and local government relations. However, in contrast to the protests, NCC were also able to enrol citizens in helping with for example governance for adult services, service delivery for libraries and funding for the arts, and with other institutions for investment in the future of the city such as Newcastle University regarding the Science City development.

The changes at NCC were not unique around civic engagement, and indeed are more reflective of a broader field level change across English local government (Ahrens and Ferry 2015, 2016, Ferry and Ahrens, 2017; Ferry, Coombs and Eckersley, 2017). For example, other local authorities also established fairness commissions or similar arrangements that were grounded in localism ideas. From mid-2010 to mid-2013 there were twelve fairness commissions established that included members from councils in core cities of Newcastle, Liverpool, Sheffield and Bristol. There were also similar developments in other areas such as the establishment for Greater Manchester of a poverty commission and at Birmingham of a social inclusion consultation process (Sillett and O'Donnell, 2013). Many areas have replicated the process since with Greenwich announcing at the end of 2016 it would establish a Fairness Commission headed by Sir Bob Kerslake (Former Head of the Civil Service and Local Authority Chief Executive). Also NCC was not the only council to engage detailed consultation and a form of impact assessment template with Liverpool, Sheffield and Birmingham for example employing similar accounting and accountability technologies to varying degrees. Since then other councils have followed this process such as Manchester for example who have begun detailed public consultations in 2016 and embraced 3-year budgets running from 2017-2020, which is something NCC had already undertaken (Ahrens and Ferry, 2015, 2016; Ferry and Ahrens, 2017). Beyond the field level change of English local government there were also implications for institutional change at the level of democracy. This is best expressed through the significant local government, interest group and citizen protests against the central government’s austerity policy that were highly visible throughout England and questioned their democratic mandate to govern in such a way. Austerity is therefore also tied up with other big issues concerning devolution and Brexit that have engendered questions around citizenship and civic engagement (Ferry and Eckersley, 2017).

In an attempt to stimulate further debate around austerity and prosperity, and responsibilities for encouraging civic engagement, the research of Professor Laurence Ferry (Durham University) into accounting for austerity and related citizenship, civic engagement and accountability practices at Newcastle City Council and in English local government, alongside that of colleague Ileana Steccolini (Newcastle University) who considered similar issues in international settings, is being made into a theatre jazz musical play ‘The Austerity Playbook’.
This is to be performed at Northern Stage Theatre Newcastle on 1 November 2017 as part of the international Freedom City festival that marks 50 years since Martin Luther King was awarded a doctorate, and gave a speech that highlighted the problems of racism, poverty and war. The play in particular tackles the issue of poverty in the context of austerity within the North East and is located in the mythical city of Burnside where characters come together in a space where the human cost of austerity brings its playbook into stark view. The performance features the collaboration between jazz composer Andrea Vicari, writer Mark O’Thomas and director André Pink, presenting a new piece of musical theatre in a workshop performance that will demonstrate how the arts can work alongside ground-breaking components of research. The workshop performance will be followed by a post-show discussion with the artistic team and researchers.

In addition, to generate meaningful discussion around accountability issues concerning local government that engender citizenship and civic engagement, Professor Laurence Ferry’s research has been made into a short animated video on local accountability for public money in a post-Brexit world that can be viewed on u-tube at: https://www.youtube.com/watch?v=GDAZEicHGU4 (Ferry, 2017a). This suggests the current accountability framework for local government is geared to prevent financial failure, with the consequence of ongoing financial pressure leading to service, rather than financial, failures. As a starting point to strengthen the arrangements, it is suggested a more holistic model is needed to ensure ‘all’ key elements of effective local government are assessed including financial sustainability, service performance, governance and culture. With regards to citizenship and civic engagement, culture is especially important here (Ferry, Coombs and Eckersley, 2017) as every region has its own unique history, geography and politics. One area for further consideration is greater emphasis on place based accountability rather than hierarchical levels of accountability per se, as part of a move from ‘tiers’ to ‘spheres’ of accountability (Ferry, 2017b).

In summary, it can be seen that much work is ongoing concerning citizenship and civic engagement in the arena of local and central government relations around the politics of
the budgeting process and accountability practices. An issue of some importance is should a more holistic framework be in place to strengthen accountability arrangements.

References


