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The Strange Death of Municipal England

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Britain is the most centralised country in the Western world. Its political system is weighted overwhelmingly towards Westminster, with few institutional safeguards against the writ of Parliament, itself increasingly in thrall to the executive. Of every £1 raised in taxation, 91 pence is controlled and allocated by central government. The austerity programme pursued since 2010 has thrown into relief the vast power differential between central and local government: as chancellor of the exchequer, George Osborne spent plenty of time talking about devolving new powers from Westminster in order to create a Northern Powerhouse, but his most effective act of power-sharing was to transfer the burden of responsibility for deficit reduction onto councils, which account for around 25 per cent of total government spending. No other area of government has been subject to the same squeeze: since the start of the decade spending by local authorities has been reduced by 37 per cent, and is scheduled to fall much further over the next five years. For many councils this will mean the loss of more than 60 per cent of their income by 2020. In *Taking Power Back*, his 2015 book calling for a renewal of local democracy, Simon Parker describes the consequences as ‘perhaps the biggest shift in the role of the British state since 1945’. There is currently a very real risk that Brexit will distract from austerity – no longer the disaster du jour – which will nonetheless grind on, its victims unheard amid the squabbling and its effects quietly naturalised as part of Theresa May’s new political settlement. Philip Hammond’s first Autumn Statement, delivered to Parliament on 23 November, confirmed that this is the ambition: none of Osborne’s major planned cuts was reversed, an overall budget surplus remains the goal (simply postponed from 2020 to 2025), planned public investment will be extremely modest and focused on infrastructure, while increased borrowing – of £122 billion – signals not some Keynesian bonanza, but rather the need to cover the predicted cost of withdrawing from the EU (a shrinkage in economic growth of 2.4 per cent over the next five years, itself guaranteeing less money for public services in the future).

When we talk about austerity as slashing ‘the state’, we tend to think of the process either abstractly, in percentages and pie charts, as the sum of spending reductions made by various government departments, or, more impressionistically, as the accumulation of individual cuts to public services. Both ways imply an idea of ‘the state’ as the aggregate of central

government activity: something that spends, retrenches, provides, withdraws, grows or shrinks. When we think of the extension of ‘the state’ in modern Britain, what comes to mind is the establishment of national insurance, old age pensions, nationalised industries and the NHS in the first half of the 20th century; when we think of its retraction, it’s the wave of privatisations and market-friendly reforms that began in the 1980s, or the onset of austerity in 2010. But this is telling the wrong story, or rather telling the story in the wrong way. The creation of the British state was a municipal project, and the state is now being unmade by the collapse of that project. What we really mean when we say that austerity has slashed the state – it is a vital distinction, and not made nearly often enough – is that it has wrecked the ability of elected local authorities to provide and administer many of the features and functions of the state as we understand them. Without seeing austerity in these terms, we can’t properly appreciate what it has been attempting, and what it has achieved.

Elected town councils in England and Wales were created by the 1835 Municipal Corporations Act (the 1833 Burgh Reform Act had already done the work in Scotland). In the last decades of the 19th century, these local authorities, acting on their own initiative, pioneered welfare provision: they cleared slums, built houses, parks, hospitals, museums and libraries, swimming pools and playing fields. The imperative was often religious: in Birmingham, the new doctrine of ‘municipal socialism’ found its spokesmen in Nonconformist ministers determined that their prosperous congregations should act for the common good. In 1884, R.W. Dale preached that councils

can prevent ... tens of thousands of children from becoming orphans. They can do very much to improve ... miserable homes ... They can give to the poor the enjoyment of pleasant parks and gardens, and the intellectual cultivation and refinement of public libraries and galleries of art. They can redress in many ways the inequalities of human conditions. The gracious words of Christ, ‘Inasmuch as ye did it unto one of these my brethren, even these least, ye did it unto Me,’ will be addressed not only to those who with their own hands fed the hungry, and clothed the naked, and cared for the sick, but to those who supported a municipal policy which lessened the miseries of the wretched, and added brightness to the lives of the desolate. And the terrible rebuke, ‘Inasmuch as ye did it not unto one of these least, ye did it not unto Me’ will condemn the selfishness of those who refused to make municipal government the instrument of a policy of justice and humanity.

Before nationalisation, there was municipalisation: councils of differing political complexions in every part of the country bought out gas, water, electricity and tramway companies, on practical rather than ideological grounds. It made sense for a local authority to deliver essential services to its residents, safely, fairly, accountably and at reasonable prices, reinvesting the considerable income in further improvements. By 1901, one reformer looked ‘forward to the time when joy will be considered as much a necessity in a city as anything else. In that time the citizens, well convinced that all the prime necessities of life must be municipalised, will not fail to demand that this great necessity of joy, or ... the means of joy, be also supplied by their local councils.’ In 1930, an MP observed that

a young person today lives in a municipal house, and he washes himself ... in municipal water. He rides on a municipal tram or omnibus, and I have no doubt that before long he will be riding in a municipal aeroplane. He walks on a municipal road; he is educated in a municipal school. He reads in a municipal library and he has his sport on a municipal recreation ground. When he is ill he is doctored and nursed in a municipal hospital and when he dies he is buried in a municipal cemetery.

The later part of the 20th century witnessed the gradual but inexorable encroachment of central government on the autonomy of local government. Once experiments undertaken by individual local authorities proved effective – the provision of free school meals in Birmingham, public housing in Glasgow – they were legally mandated across the country, with central government choosing to tie funding to the fulfilment of particular policy objectives. The wave of nationalisations after 1945 was a hammer blow to municipal independence: council-owned gas, water and electricity companies (and their profits) were transferred to central government control, depriving councils of a huge chunk of their independent income. The foundation of the NHS led to the nationalisation of municipal hospitals, not always with positive results: between the wars, Bermondsey council had developed some of the best health services in the country, funded by higher rates, but was forced to reduce them once it became clear they were no longer affordable in a standardised national system. As the century wore on, local authorities were reduced to mere agents of the central welfare state, their ability to raise taxes and decide on the shape of local services progressively limited. By the 1970s, 60 per cent of local government expenditure was determined by central government. By the 2000s the proportion was 85 per cent.

Councils today are caught in a web of obligations, helpless to fulfil them without outside help, and at the mercy of a government that might choose not to provide it. This is especially the case in England, where the will of central government is unchecked by any devolved administration: cuts have been much less severe in Scotland, Wales and Northern Ireland. Councils have a statutory duty, mandated by Acts of Parliament, to provide libraries, social housing, accommodation for the homeless, schools, youth services, cemeteries, buses, parks, rubbish collection, housing benefit, and social care for children, elderly and disabled people, among hundreds of other services. They also have ‘discretionary’ responsibilities not mandated by law, which, in the Local Government Association’s expansive formulation, can ‘range from large economic regeneration projects to the removal of wasp nests’. Around 64 per cent of their funding comes from central government, in the form of ‘specific’ grants – from the Department of Education for the provision of schools, for example, and from the Department of Work and Pensions for the administration of housing benefit – and an annual block transfer known as the Revenue Support Grant. The rest is raised locally, from council tax receipts (their size depending on the value of property in the area), rents, charges and fees (parking tickets, library fines, gym memberships) and 50 per cent of the rates levied on local businesses.

Soon after the coalition came to power in 2010, councils in England were encouraged to freeze council tax. Until recently they were unable to raise it by more than 2 per cent a year without first holding a referendum; at least one council is on record as claiming that the cost of holding a vote would have been more than the expected return from the tax increase. Council tax is itself an oddity, calculated on the basis of property values in 1993 and not updated since, so that receipts haven’t grown in line with the economy. Councils cannot very easily raise income themselves, but they are also prohibited from running any form of deficit (unlike, for example, NHS trusts). The legal obligation to set a balanced budget every year – anything else represents a ‘financial failure’ and will result in a takeover by central government – means that councils have no choice but to reduce their expenditure (and so, services) in line with any fall in their income.

Because councils have little political ‘ownership’ of the cuts they make – they are seen, rightly, as a consequence of central government decisions – normal accountability mechanisms cannot operate. Voting one party out of their council seats and another in won’t

make much difference: whichever party is in control will face the same financial situation, and will have as little choice about reducing services. Labour and the Liberal Democrats won control of Walsall council from the Conservatives in May, having campaigned to protect the town's libraries from closure: in October they announced plans to close 15 of its 16 libraries, admitting that the budget restrictions were 'more severe' than anticipated. At the national level Labour has tended to complain in generalised terms about cuts to 'public services'; the Conservatives have claimed not to want to interfere in local decisions while praising councils for handling funding reductions so successfully (as if they had any choice in the matter). As a result the debate about the crisis engulfing local government has splintered into thousands of separate conversations and campaigns.

This has had strange effects. Writers and artists line up to attack councils for the closure of libraries and galleries, as if they were motivated by philistinism rather than desperation ('if you want to live among intelligent people ... move out of Walsall,' Philip Hensher tweeted when the library closures were announced). Momentum activists protest against service closures by Labour councils. Women's rights campaigners occupy council-owned buildings rather than padlock themselves to the gates of Downing Street. Strangest of all, in September 2015 David Cameron wrote to the Conservative leader of Oxfordshire County Council to complain about cuts it had recently announced:

I was disappointed at the long list of suggestions floated in the briefing note to make up significant cuts to frontline services – from elderly day centres, to libraries, to museums. This is in addition to the unwelcome and counter-productive proposals to close children's centres across the county. I would have hoped that Oxfordshire would instead be following the best practice of Conservative councils from across the country in making back office savings and protecting the frontline.

He asserted that the council's overall funding had increased since 2010 with only a 'slight fall' in government grants in cash terms, and went on to flag various government recommendations – disposing of assets and sharing services with other councils – partly as remedies, partly as reproaches to an authority that had failed to make 'tough decisions' in the right way.

In his written response, Ian Hudspeth, the council leader, rebutted the prime minister's assertions. There were no 'easy' back office savings left to make: more than 2800 council employees had lost their jobs and those remaining had had pay freezes or below inflation rises for several years. The sale of assets to fund revenue costs, Hudspeth pointed out, 'is neither legal nor sustainable in the long term'. The government's council tax referendum policy had further limited the council's options (if it had been allowed to increase the tax by only 3 per cent over a decade, it would have been able to avoid £50 million worth of cuts). The prime minister wrote that the cumulative total of the council's funding reductions since 2010 was only £204 million, when the correct figure was £626 million. Oxfordshire council's central government funding had dropped by 37 per cent since 2010: Hudspeth could not agree with Cameron's description of this as a 'slight fall'. After the letters were published, John McDonnell hailed the prime minister as a convert to the anti-austerity cause.

The unedifying spectacle of a prime minister ignorant of the impact of his own government's policies, or so taken in by his ministers' rhetoric that he could not reconcile himself to reality, should not blind us to the wider problem: we fret and fume about this council here, that service there, while the whole system is sliding off a cliff. There are hundreds of local

examples of the impact of austerity, each unhappy in its own way, but it is only when they are viewed in aggregate that a picture emerges of an entire social infrastructure being destroyed.

Councils have made some of their biggest savings in transport. Bus services paid for by councils in England and Wales, and mostly used by the elderly, schoolchildren and the less well-off, have been cut by £78 million (25 per cent) since 2010: many routes have been shortened or abandoned, timetables have been reduced and voucher schemes scrapped. (At the same time fares have shot up, rising by two-thirds in metropolitan areas in the past decade, nearly double the increase in the Retail Price Index over the same period.) Park budgets have also been hit, with three-quarters of local authorities laying off staff, and more than half selling off green spaces or transferring ownership to community groups or trusts. The chair of the National Federation of Parks and Green Spaces warned recently that ‘all the pillars of effective park management and maintenance are crumbling. If not reversed, parks will be plunged into the disaster crisis of the 1980s and 1990s when they became no-go areas full of syringes and no park rangers.’ Hundreds of leisure centres, swimming pools and playing grounds have been closed or sold off. Four out of five councils have reduced spending on public toilets since 2011; 1782 facilities have been closed in the last decade. Many councils, including Manchester, now manage only one public toilet and others, including Newcastle, none at all.

Investment in arts and culture has fallen by 17 per cent since 2010: one in five regional museums has closed, or is scheduled to; one in ten is considering entry charges, and visitor numbers have declined. In March the BBC reported that at least 343 libraries (of 4290) have closed since 2010, with at least another 111 closures planned for this financial year. Many have been transferred out of local authority control, either to community groups (174) or private organisations (58). These often have no professional staff and only limited resources to buy new stock, and are unable to access books held in their council-run equivalents. The overall number of library staff in the country has shrunk by 25 per cent. The libraries that have survived usually operate for fewer hours, procure fewer new books, and lend fewer too. Birmingham City Council built a magnificent new library at a cost of £189 million, but after operating for just over a year announced plans to reduce its opening times from 73 hours a week to 40 and halve its staff. Doncaster City Council, which has kept responsibility for only five of its libraries and entrusted the remaining 19 to community groups, lent 1.2 million books in 2012, but only 629,000 in 2014.

Between 2010 and 2015, £4.6 billion was cut from adult social care budgets in England. The services that remain are hopelessly overstretched: pay is generally abysmal and training limited (37 per cent of care staff have no recognised qualifications). By 2014, nearly 90 per cent of English councils were unable to offer any support for people with ‘low to moderate’ care needs (which includes those unable to undertake ‘personal care tasks’, ‘work or educational roles’ or ‘social and family roles’). Around two million older people now rely solely on support from family and friends. In September, the King’s Fund concluded that ‘access to care depends increasingly on what people can afford – and where they live – rather than on what they need. This favours the relatively well-off and well-informed at the expense of the poorest people, who are reliant on an increasingly threadbare ... safety net.’ There is no let-up in sight: councils have a further billion pounds of cuts planned for the current year, with more to come until, in 2019, the gap between needs and resources will reach an estimated £2.8 billion, and spending on adult social care will fall below 1 per cent of GDP. One consequence is that the NHS can no longer safely discharge patients into the community, leading to a shortage of hospital beds.

Councils are also closing Sure Start children's centres, one of New Labour's most successful innovations. Designed to mitigate the effects of inequality as early in life as possible, the centres provide sessions with midwives and health visitors, 'stay and play' sessions, and other educational activities for families. A government-commissioned report, sneaked out last Christmas, found that 'children's centres can have positive effects on [social] outcomes, especially on family functioning that affects the quality of parenting, and that children's centres are highly valued by parents'. Unsurprisingly, it also recorded that the most effective operations had growing budgets. Although more than a million families (and rising) use their services, there will soon be 736 fewer Sure Start centres than in 2010; those that remain have been subject to year-on-year budget cuts: 2300 centres had their funding reduced in 2015.

Housing services budgets – which pay for the shelter of homeless people, specialised accommodation for people with care needs, and the inspection of private rental properties to ensure they meet basic standards (a recent report found that four out of ten don't) – have been cut by 23 per cent since 2010. The number of families identified as homeless has increased by 42 per cent in the same period: a third of them were unable to afford new private accommodation after their tenancies expired. The number of homeless households forced to stay in hotels and hostels rather than designated council properties has doubled (the number staying there for more than six weeks, in breach of the law, increased sevenfold between 2009 and 2014). Meanwhile, the number of people in England sleeping rough has increased by 30 per cent since 2010, with 3569 people counted on the streets on one night in 2015 (940 of them in London). Women's refuges have had their funding reduced: 32 specialist centres for victims of domestic violence closed between 2010 and 2014. The TUC found that the LGBT charity and voluntary sector took a 'real and significant' hit in the same period. The list could be extended almost indefinitely: tens of thousands of streetlights are now switched off after midnight, plunging whole areas into darkness at a risk to drivers and pedestrians, especially women; youth services are quickly becoming a thing of the past (600 youth centres have closed since 2010, with £387 million taken out of youth budgets); there has been an epidemic of public sector redundancy (Birmingham City Council alone will have terminated the contracts of 13,000 people by 2018).

Britain, but especially England, has in the last six years become a darker, dirtier and more dangerous place. But even these headline figures disguise the scale and depth of the damage, for the cuts to local government have been distributed in radically different ways. It has long been understood that the cuts are unfair: they reflect political choices, have little empirical justification, and have a disproportionate impact on the poorest. But they are also unfair in a deeper, more structural sense.

The poorer an area, the greater its needs and the greater the council's reliance on government grants, so cuts too are proportionally greater. The richer an area, the less the council relies on government grants, and the less it is affected by cuts. Knowsley and Liverpool are two of the most deprived areas of the country: council spend per head in these areas has been reduced by £400 and £390 respectively. In Wokingham and Elmbridge, two of the wealthiest parts of the country, the corresponding totals are £2.29 and £8.14. Local authorities in the top 20 per cent for rates of health deprivation and disability have had their spending power cut by an average of £205 per head, 12 times the average reduction faced by those in the bottom 20 per cent. Between 2010 and 2015 the worst-hit councils cut their social care budgets by 14 per cent (£65 per person) on average, while those who received the smallest reduction increased theirs by 8 per cent (£28); child social care in the former group was cut by 4 per cent and increased in the latter by 15 per cent. Look at every other area of spending and you will see the same

trend. What is worse, the government's few attempts to ameliorate councils' financial position have had the perverse – if intentional – consequence of disproportionately benefiting well-off Tory councils in the shires. A scheme to compensate councils for the council tax freeze, for example, is calculated on the value of properties in the area, meaning that the higher the value of local homes, the larger the relief package: Surrey gets a vastly bigger pay-off than Teesside. Misery is concentrated.

In the North-East, the poorest region in England, nearly a billion pounds has been sucked out of the economy since 2010. Middlesbrough – described as an 'infant Hercules' by Gladstone in 1862 – has its bright future long behind it. The council has the highest proportion of deprived neighbourhoods in the country, but is required to save £56 million over the next three years, on top of the more than £80 million it has already cut from its budget since 2010. Darlington will have lost £44 million in funding by 2020: one councillor involved in budget negotiations admitted that 'over the last year we have [said] "I'm not sure we can do it."' Durham County Council has already made £180 million worth of savings, with another £64 million needed before 2020. Sunderland has cut £207 million, and plans another £110 million. Gateshead has cut £130 million, with an additional £92 million due to come out of its budget by 2022. Newcastle City Council has reduced its budget by more than £221 million, with another £100 million in cuts planned for the next three years. 'People went white ... at the prospect of it,' Nick Forbes, its leader, told the *Guardian* in 2011. 'There was a sense of disbelief about what it all meant, and the scale of cuts we would have to make.' 'I think that once the first or second wave of councils has gone down, somebody, somewhere, will have to think again,' he said in 2014.

Two years later, not only is rethinking nowhere on the horizon, but the position is set to worsen. The Local Government Association predicts that councils will face £9.9 billion of unfunded costs by 2019-20. The Housing and Planning Bill has revived 'Right to Buy', forcing councils once again to sell off their (all too few) properties at a discount, without receiving compensation or additional funding to build replacements. This will only exacerbate the housing crisis: Shelter estimates that local government will face a shortfall of £1.9 billion a year as a result, making it impossible for councils to replace the stock that will be sold (up to 113,000 homes in England).

Most threatening of all are the funding changes announced by George Osborne in last year's budget. English councils will be free to raise council tax by an additional 2 per cent, a so-called 'precept' to help plug the gap in social care funding, and to retain 100 per cent of the revenue from business rates, but with a mighty catch: by 2020 the Revenue Support Grant, currently worth £18 billion a year, will be phased out completely.

Of 151 English councils 144 have chosen to increase council tax by the new maximum of 3.99 per cent per annum. This will ensure only that they can continue treading water: Liverpool City Council has a social care budget of £172 million; its additional 2 per cent levy will raise £3.2 million. What the council tax hikes really mean is that people are about to start paying a lot more for fewer and worse services: '£60 million more cuts', screamed a recent *Manchester Evening News* front page, '160 jobs, Sure Start centres, lollipop patrols, bowling greens and even Father Christmas face Manchester town hall axe ... but council tax is set to RISE.' And this at a time when the services that taxes pay for are increasingly restricted, available only to the very poorest and sickest, 'invisible' to large swathes of the local population. By 2020 English councils will be spending 60 per cent of their income on social care, compared to 41 per cent in 2010. The basis of the inclusive welfare state is being

whittled away, along with its capacity to act as a rallying principle for a majority of the British public.

The removal of the Revenue Support Grant, meanwhile, will make councils more dependent on the money they can raise from council tax and business rates. This is an extraordinary policy, close to the poll tax in its numb-knuckle levelling act: the poorest authorities in the North, with their low-banded homes and shuttered high streets, are expected to fund services on the same basis as Cambridge, with its high-banded million-pound properties and booming local economy. Nick Forbes has said the grant's removal would leave Newcastle '£16 million a year short, on top of the cuts we are already making'; the chief executive of Doncaster council has described the prospect as 'unremittingly grim and unsustainable in the short term'. Withdrawing government funding shifts the ground on which councils operate, encouraging business-friendly initiatives and the construction of high-value properties as the only way of increasing income. One expert on local government, Tony Travers, says that Osborne's reforms will transform the average council from 'a mini-welfare state into a local economic growth agency'. Redistribution is dead, and trickle-down economics is institutionalised.

The assault on local government has come from a bewildering variety of directions, but there is a pattern in its violence, and where there is a pattern, there is usually design. Conservative ministers have justified the cuts to council budgets as a necessary and unavoidable response to the public sector bloat which supposedly created Britain's ruinous deficit. Eric Pickles, the secretary of state for communities and local government between 2010 and 2015, declared that 'local government is a massive part of public expenditure. It has lived for years on unsustainable growth, unsustainable public finance ... People blame the bankers, but I think big government is just as much to blame as the big banks.' This line of argument has allowed the government to present the slow strangulation of local government as a helpful nudge towards reform, a prompt for councils to make much needed efficiencies and 'innovations' in the way they provide services. When (usually Labour) councils complain about funding cuts and threatened services, they are accused of being lazy and attention-seeking, preferring to cling weepily to public sector shibboleths than to embrace radical new thinking. When Enfield council, whose budget has been reduced by nearly 50 per cent since 2010, revealed unpopular plans to remove youth services, Iain Duncan Smith was derisive:

If you look at the successful local authorities, they are the people who have worked out what the vitally important things are that they do, and have managed to get through this process without savaging the things that really matter. My only advice to local councils is that if you get the balance right, you should be able to manage this in a way that is not headline news – doing it with better efficiency. It is like any company, you always face the issue of whether what you spend outweighs what you earn.

Never mind that local authorities are nothing 'like any company'.

'The vitally important things', 'the things that really matter', 'better efficiency': all these are code for a smaller, narrower, less interventionist state. In 2012 Pickles's department produced a helpful document for councils entitled '50 Ways to Save': among its suggestions were 'claw back money from benefit cheats', 'close subsidised council canteens', 'introduce a recruitment freeze', 'scrap trade-union posts', 'stop translating documents into foreign languages', 'earn more from private advertising', 'end lifestyle and equality questionnaires' and do not 'routinely spend time and money on Equality Impact Assessments'.

Under intolerable financial pressure, the majority of councils have not only made these sorts of changes but also many more fundamental ones, with the result that they increasingly conform to Tory prescriptions. Seeking to present themselves as competent and effective – they are, after all, still politicians – beleaguered council leaders have often found themselves echoing the ideological language of their Tory overlords, referring to ‘tough decisions’ and the necessity of ‘living within our means’. Righteous fury is still occasionally in evidence, but so too is an understandable desire to make the best of a bad hand: there is much talk of local government learning to work in ‘new ways’. It certainly is. Huge numbers of back-office staff have lost their jobs, and councils have begun to adopt new working models, sharing services with neighbouring authorities, reorganising departments, upping fines and charges and, in many places, reinventing themselves as ‘commissioners’ of restricted and specialised services (i.e. buying them in, rather than providing them themselves). Not every change can be bad news: some efficiencies make sense, and there are gains to be made from refining services so that they are more flexible and responsive to personal needs, though I wonder how long it will take for a scandal to break that reveals some ‘efficiencies’ and ‘back-room savings’ as culpable negligence. But there is a creeping sense that, denuded of workers, increasingly limited to their most basic statutory functions, councils are losing their definition, and turning into something else.

Two Tory-run councils offer glimpses of the future. Barnet in North London has established what the press quickly dubbed an ‘easyCouncil’ model: like the budget airline, it provides a limited set of ‘no frills’ services, while giving richer residents the opportunity to pay for others. Lynne Hiller, then leader of the council, justified the policy in 2010: ‘We are saying you can have more services if you want – but you have to pay extra. At the moment the people in Barnet who pay the most tax actually use the least services. That’s not fair.’ In March last year, the council decreed that for £350, households would be fast-tracked through the planning process: ‘their application registered within 24 hours ... their neighbours consulted within 24 hours and an officer’s recommendation within five weeks’. Barnet’s spending power will have been cut by 50 per cent by the end of the decade – a loss of £166.6 million. Its response was typical: ‘we can’t continue with the status quo and we have to look at how local services are designed and delivered.’ Less predictable was the orgy of outsourcing that followed. The *Guardian* found that between 2012 and 2013, Barnet handed over to private companies responsibility for

people with disabilities, legal services, cemeteries and crematoriums, IT, finance, HR, planning and regeneration, trading standards and licensing, management of council housing, environmental health, procurement, parking, and the highways department ... Payroll for what remains of council staff is done in Belfast, while for schools it’s Carlisle. Pension queries go to Darlington. Benefits end up in Blackburn. Parking notices come from Croydon. Calls to the local library are first directed to Coventry. Even births, deaths and marriages are managed in Brent.

This extraordinary renunciation of democratic control and accountability is justified on the basis of two assumptions: that the private sector can do the job more cheaply (often the case, at least on paper) and better (often not the case, which is why the cost is so low). Northamptonshire County Council – which has to make £143 million worth of cuts by 2020 – has gone even further. Last year it voted to outsource all of its services to third parties to better ‘meet customer expectations’, reducing its core staff from more than 4000 to 150. Its Next Generation Model has created four new ‘service providers’ separately responsible for child protection, care for vulnerable adults, health services and improvements to the county:

all are autonomous bodies, responsible to the council, but managed as commercial enterprises, empowered to commission services from private companies, charities or the voluntary sector, paying back dividends and operating 'free from statutory constraints'. Northamptonshire's chief executive, Paul Blantern, has said that what's left of the council, rebranded as County Council Group, will operate 'almost like a PLC'.

This is the context for Osborne's Northern Powerhouse agenda, which promised new powers to (traditionally Labour) cities and regions in return for their acceptance of elected mayors. Conglomerates of councils in Greater Manchester, Liverpool, Sheffield, the West Midlands and the Tees Valley have agreed individual deals with the government, which will result in the election of new mayors in May 2017. These 'city-regions' will gain additional funding of £30 million a year and new freedoms to shape local transport, planning, skills and economic policy (and, in Manchester, control of its entire £6 billion health and social care budget). There is no doubt that these powers are welcome, but what might once have been effective instruments are rendered comparatively feeble by the crushing impact of austerity. Many have warned that the intended effect of devolution is that the inevitable failures will take place on someone else's watch. But Osborne's insistence on elected mayors as a condition of every devolution deal is a sign of the way austerity has forced a total reimagining of local government. The narrowing of power to one person is intended to apply informal pressure on mayors to adopt radical reforms in order to get quick results in time for re-election. The powers given to the new mayors are strategic rather than socially interventionist, mainly concerned with generating economic growth: following the example set by Boris Johnson and Sadiq Khan in London, it seems likely they will act largely as 'brand ambassadors', attracting business and outside investment to their regions. The most obvious sign that the Tories are not about to usher in a second golden age of local government is that none of the deals includes new tax-raising powers, without which mayors will be incapable of enacting social change on anything like the scale managed by their Victorian and Edwardian predecessors.

The transformation of local government has been a Conservative ambition since the 1980s. The political scientist Andrew Gamble was the first to spot that the essence of Thatcherism was its belief in both the free market and the strong central state, the former dependent on the latter to bring it into existence and preserve its integrity through various acts of creative destruction. 'The New Right,' he wrote, 'has to believe simultaneously in the malign and perverse effects of democratic politics on the free economy, and in the possibility of using that same democratic politics and that same interventionist state to reverse the process of creeping socialism.' Nowhere were the perverse effects of democratic politics on the free economy more obvious than in local government, the backbone of Britain's welfare state: Graham Stringer, then Labour leader of Manchester City Council, talked of a 'municipal view of the world – a left-of-centre, Keynesian view that the problems of unemployment, poverty and poor service could be solved by taxation and public expenditure'. Powerful Labour councils, with democratic mandates and an incurably municipal view of the world, threatened to thwart Thatcherism's desire to impose monetarist discipline and liberate the economy from its social democratic baggage. Patrick Jenkin, then the minister responsible for local government, prefigured Eric Pickles: 'We have a duty to protect ratepayers from blatant exploitation. We have a duty to ensure that all parts of the public sector work within national economic policies.'

The Thatcher government launched a sustained attack on the authority of local government. Between 1979 and 1990 the Conservatives reduced council funding; placed caps on their rates of spending and taxation (ultimately introducing the poll tax); centralised the collection

of business rates and began redistributing the income according to a formula devised in Whitehall; deregulated bus services; forced councils to put services out to tender; took polytechnics and colleges out of local authority control and created 'urban development corporations' free to build in what Geoffrey Howe called 'government-free' zones, exempt from local government regulations and taxes. Right to Buy legislation forced councils to sell off their housing stock and redirected a large proportion of the profits into central government coffers while depriving councils of a large chunk of their predictable income. The Education Reform Act of 1988 offered schools the opportunity to 'opt out' of local government oversight: Thatcher expressed her hope that a 'majority' would do so. The Greater London Council was dissolved by government fiat in 1986. (The new London mayoralty, established in 2000, has fewer powers and a narrower remit: it raises only around 7 per cent of its income.)

It is unsurprising, but chilling, to find Gamble warning in 1988 that the 'logic of government policy' points to the 'eventual abolition of local government'. The coming of New Labour rescued local government from extinction, but the histrionic response of several 'loony' Labour councils to Thatcher's 1980s initiatives (especially rate-capping) had left Blair and other 'modernisers' suspicious of local initiative: their policy once they were in power was to leave almost all the new restrictions in place, to encourage more outsourcing and to place ever tighter controls on funding. 'If you want to drive through systemic change,' Blair has said, 'you've got to drive it through from the centre.'

The establishment of a neoliberal consensus in Britain has been, in its essence and by necessity, an anti-municipal project. Austerity is Thatcherism's logical end-point, effecting simultaneously the destruction of local government as a potentially rivalrous state-within-a-state, and the marketisation of nearly every aspect of public policy. Since 2010 the Conservative leadership, following the example of Thatcher and Blair, has diminished local democracy in order to entrench the gimcrack democracy of the free market, with the all-conquering mantra of 'choice' relied on to produce its own virtuous aggregations of opinion and activity: it is indicative that the Conservatives have not only brought back Right to Buy but also sought to expand the Free Schools programme so that councils would no longer have any role in the education system. Local government will soon be brought into line with its national counterpart: both limited in their essential functions, outsourcing the greater part of their responsibilities to the private sector. Private companies are now partly or fully responsible for the parole service, schools, roads, prisons, GP surgeries and walk-in centres, hospital services, the Royal Mail, tax credits, care homes, welfare assessments, refugee and detention centres, deportations, the provision of court interpreters, government pay rolls, broadband roll-out, IT programmes and government security. Most of these outsourced services are handled by four firms: Atos, Serco, Capita and G4S, who between them receive around £4 billion a year from taxpayers. (When the Tories won the general election in 2015, Serco's share price rose by 5.95 per cent, Capita's by 6.72 per cent and G4S's by 7.35 per cent.) Mooted for future privatisation are the student loan book, the land registry, child protection services and the law courts. This isn't to mention our privatised rail, gas, electricity, water and nuclear energy networks.

People can no longer expect the services they pay for to be run in their interest, rather than the interests of shareholders; and they can't assume that the companies that operate these services are in any way transparent or accountable to them. Governments can be removed, but ten-year contracts signed by one set of ministers will persist into the next parliament. The Civil Service has been progressively stripped of expertise: every time a service is outsourced,

experience and understanding are lost, weakening supervision and creating gaps that in the future will need to be filled by more private-sector support. The inability of government departments to manage or even understand these contracts has created a thriving secondary industry in public sector consultancy, parasitic on the growth of the outsourcing market: in the last three years the government has given more than £600 million to the ‘big four’ accountancy firms, KPMG, Deloitte, PwC and Ernst and Young, a 17 per cent increase over a period when Civil Service staffing numbers continued to decline. (Already 80,000 jobs have gone, with as many as 100,000 set to follow by 2020.) In truth, Britain no longer has a government, but rather a system of governance, the term political scientists use to describe ‘the relationships between governmental and non-governmental forces and how they work together’. This is another way of saying that we live in a half-democracy. Big corporations, as Colin Crouch has written, are ‘right inside the room of political decision making. They set standards, establish private regulatory systems, act as consultants to government, even have staff seconded to ministers’ offices.’

In the last six years local government has been undermined, perhaps fatally, just when it is becoming clear how badly we are in need of it. In 1990, analysing the deterioration in local government’s position in *The New Centralism*, Crouch and David Marquand noted that the ‘population will have to rely, more than ever before, on Parliament for redress of grievances and to control government activity ... If Parliament does not change, the removal of local autonomy will lead to poorer services and a weaker democracy.’ Since then Parliament has not only failed to change its essential role – its flummery is by now a parody of itself – but has lost credibility both as a check on government and as a place where citizens can believe themselves to be represented and their voices heard. MPs have also proved incapable of monitoring and understanding the consequences of the privatising and outsourcing revolution carried out by successive governments. And yet public grievances, as Marquand and Crouch predicted, are still funnelled inexorably upwards, toxifying as they follow the lonely line of accountability to Westminster rather than being diverted and dissipated through levels of democratic government closer to home (the SNP encourages this process, in spite of devolution, for political gain). This is the reason people ended up using the EU referendum to answer many more questions than the one on the ballot paper. Fantasies of control were central to the Leave campaign, but they were not peddled only by Boris Johnson and Michael Gove. They were also indulged in by voters grown unused to power and reckless with responsibility: one member of my family told me that she voted out to ‘kick the banks’, another that she wanted to take ‘Merkel down a notch’.

The governing political philosophy of the last 35 years has held that the market is best placed to provide for the needs of the people. Local government has been divested of much of its power and independence, leaving the gap between the public and their government to be bridged by private companies, if at all. But it has only ensured that richer Britons are taxed less and poorer ones obliged to spend a much larger proportion of their income on goods they could once have gained for a fraction of the price. In 1981, rent for a council property absorbed less than 7 per cent of an average income; in 2015, for a private tenancy, the figure was 52 per cent (72 per cent in London), far higher than anywhere else in Europe. Soon councils themselves will be floated on the market, cut loose from most of their government funding, with every possibility that they will sink. The institutions that sustained a progressive ‘municipal view of the world’ have been destroyed: the last relics of the expansive, inclusive ‘care-oriented’ state are being shredded. Whatever it does, Theresa May’s top-down, selective ‘protective state’ will not bring them back.

In 1874, Joseph Chamberlain, then mayor of Birmingham, made a declaration of faith:

In the first place I distinctly hold that all monopolies which are sustained in any way by the state ought to be in the hands of the representatives of the people – by the representative authority should they be administered, and to them should their profits go, and not to private speculators. In the second place ... I am inclined to increase the duties and responsibilities of the local authority, in whom I have myself so great a confidence, and I will do everything in my power to constitute these local authorities real local Parliaments, supreme in their special jurisdiction.

County Hall opened in 1922 on the south bank of the Thames, across the river from the Palace of Westminster, as the base of London County Council, a real local parliament. It was swiftly emptied of purpose and personnel after the GLC was abolished in 1986, and remained vacant until 1993, when it was sold to a Japanese tycoon for redevelopment. A large chunk of it is now a five-star Marriott hotel. Under allegorical figures and coats of arms are a branch of Pret a Manger, the London Dungeon, a steak-house, the Sea Life London Aquarium and Shrek's Adventure! One entrance, with its original parquet floor and wrought-iron light fittings ('County Hall' is stamped on them), leads into a down-at-heel amusement arcade and a large McDonald's. Ugly brown plaques screwed in sequence along the façade declare it to be 'Privately Owned Property'. Walking around, I couldn't shake the feeling that there had been a palace coup, or abandonment by a fleeing court: a new regime has established itself, but without the time or inclination to chip away at old associations. County Hall is a political gravestone, subject to the desecrations of a crass and irreverent capitalism. An inscription on the side of the building in large gilt letters reads: 'The Home of London Government 1922-1986'.