

It is good news to see that, at long last, central government is exploring how the fiscal power of councils can be given a real boost.

It is to be hoped that the consultation paper – Local Government Resource Review: Proposals for business rate retention – will lead to a significant increase in local government financial autonomy.

But don't hold your breath.

Those responding to the consultation – the deadline is Monday 24 October – might want to draw ministers' attention to the experience of countries where localism is much more advanced.

Take Sweden. Local self-government, including the right to tax, is enshrined in the Swedish constitution. Central government cannot just ride roughshod over the heads of local voters.

Swedish municipalities, counties and regions have wide-ranging responsibilities, and they largely finance themselves. Most Swedish citizens pay their entire income tax to local government. Only the highest income earners – around 20% of taxpayers – also pay central government income tax.

Local authorities in Sweden raise around 70% of their revenue from local taxes. This compares with around just 25% for English local authorities and, on this indicator alone, Swedish councils are close to three times more powerful than their English counterparts.

The Swedish justification for very strong local government is twofold. The political argument is that powerful local authorities can represent local people, and act as a barrier against national authoritarian rule.

The managerial argument stems from a desire to have cost-effective public services. Why burden citizens with all the costs of a massive, centralised state when local authorities can do most things for themselves?

This strong, effective and innovative system of local governance – and remember, Swedish local authorities are strong world leaders in relation to tackling climate change – is a far cry from the feeble proposals emerging from central government in the UK.

In Sweden, there are 290 municipalities, 20 county councils and two regions.

The population of a 'typical' municipality is round 15,000, but this conceals a range from 2,500 to 810,000.

The counties have an average population of 424,000 – ranging from Gotland, with some 57,000 residents, to Stockholm County, with around 2,019,000 citizens.

The municipalities are responsible for all primary and secondary education, social services, spatial planning, and the full range of services found in UK unitary authorities.

The counties and regions run healthcare, primary care, dental care



Stockholm, Sweden: Local self-government – including the right to tax – is enshrined in the country's constitution

Northern lights

Sweden's powerful local authorities serve their communities, act as a barrier against national interference, and offer some useful lessons for the UK's localism agenda, argues **Robin Hambleton**

and, in most cases, public transport, and they also have an important role in regional economic development.

This arrangement provides elected local governments with serious powers to shape the local quality of life. But, this, in turn, requires serious funding.

In Sweden, the central state is very small – the main job of providing public services is seen as being the role of local government.

As the Swedish Association of Local and Regional Authorities (SALAR) points out: 'Since local self-government makes it possible to design services in different ways, it is possible to find flexible solutions that are appropriate for a particular municipality or county council'.

The Swedish practice of real and genuine localism is, then, justified by reference to effective service delivery, not just the fundamental

argument about the democratic importance of local self-government. The system not only works well, it also has an impressive level of democratic legitimacy.

The voter turnout in the last set of Swedish local elections in September 2010 was 81.6%. The – more or less – equivalent figure for voter turnout in English local elections in May 2010 was 63.5%. In both these cases, the local elections coincided with

national elections. Senior figures in Swedish local government are, in fact, concerned that the voter turnout in local elections has dropped from 91% in 1973. Voter turnout has increased since the low point of 78% in 2002, but concerns still remain.

All the evidence from Sweden suggests that strong local authorities have the legitimacy to act as powerful leaders of their communities.

This means they have the clout

and influence to tackle major new challenges – such as economic restructuring and climate change.

UK local authorities could exercise a similar, influential role, but they need a significant boost in their fiscal autonomy to be able to do this. ■

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