

THE CHAMBERLAIN LECTURE

GIVEN BY THE RT HON LORD HESELTINE CH
ON MONDAY 4TH JUNE 2018

IN ASSOCIATION WITH

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Our world is local





On Monday the 4th June 2018 we hosted the inaugural Chamberlain lecture which we were delighted to be able to host in the spectacular BT Tower, courtesy of BT.

Our vision is for this lecture to become an annual event where we come together to reflect on the achievements of local government and the local public sector as a whole over the years and look ahead to where the sector is going, all the while grounded in our shared history and ethos of public service – which we believe was embodied by Joseph Chamberlain.

Without doubt, Joseph Chamberlain was an influential political figure of enormous standing and while we may not all agree on all that he stood for and campaigned on it is in recognition of his contribution to local government that our lecture is in his name.

Chamberlain was committed to social reform; on becoming Mayor of Birmingham he forcibly purchased the Birmingham Gas Light and Coke Company and the Birmingham and Staffordshire Gas Light Company on behalf of the council. The purchase generated enough by way of profit to enable the council to buy out the local water companies in 1875, a decision driven by Chamberlain's belief that residents deserved better than the contaminated water supply that had previously served the town.

The revenue returned to the Council allowed Chamberlain to not only ensure the price of gas kept falling but to continue his reforms - building Corporation Street to relieve traffic congestion and let in light and air into that densely populated area, investing in new housing to replace the slums as well as new sewers, libraries, swimming pools, a new museum and a new art gallery.

Everyone who was present with us in June, either directly or indirectly, contributes towards the betterment of our local public sector and we feel sure Chamberlain's response to criticism of his Radical Programme will resonate:

**IF WE FAIL, LET US TRY AGAIN AND AGAIN UNTIL WE
SUCCEED**

Please find below the text of the Lecture given by the Rt Hon Lord Heseltine CH, we hope you will be able to join us for next year's lecture.

THE LECTURE

Joseph Chamberlain was born in London on 8th July 1836 into a middle-class manufacturing family. His father made shoes and the early indication was that he would follow a career in the family business. He left school at 16 – young, as there wasn't a lot of money to pay for further education.

He became apprenticed to the Worshipful Company of Cordwainers. His father's brother made screws in Nettlefolds in Birmingham in a company, if I may say so, whose name has become inseparable from any history of British industry. And Joe Chamberlain as a young man joined the uncle.

It is, of course, with that city that his name is inseparably linked. His political involvement began with a national campaign for education improvement as a member of the Education League. Liberal municipal success in 1873 saw him elected as Mayor of Birmingham at the age of 37.

As a councillor before that Chamberlain would have been very familiar with the debates raging over the role of the municipal authority in tackling the growing environmental and social challenges of the time. The old reliance on church and charity was self-evidently no answer. He would have been aware that other great cities - Manchester, Leeds, Glasgow - were also making progress in the introduction of what was, by some people, called municipal socialism, tackling problems way beyond the traditional reliance on yesterday's providers. In Birmingham the sewerage provision was appalling.

Chamberlain watched while others proposed and created the first building blocks of the infrastructure of what is effectively local government as we know it today.

In 1873 that was to change. His predecessors had accepted a financial constraint on their ability to cope with the challenges. Chamberlain brought imagination and initiative to the challenge. He proposed that the municipal authority should purchase the two private companies supplying gas to the community. Again, there were precedents in Manchester and in Leeds but Chamberlain articulated the philosophy and the intellectual context in a way no-one else had sought to do.

In 1874 the Council approved his plans. A new source of finance was thus available to the city and the increasing level of debt which was, in part at least, financed by consumers rather than ratepayers.

As Mayor and a member of the school board Chamberlain pushed frontiers of support for poorer children including experiments with free dinners and nursery accommodation for young girls kept from school because they had to look after younger children.

Following the municipalisation of the gas companies Chamberlain requested Parliament to pass legislation permitting the council to acquire the local water companies. He next turned his attention to property. City centres and slums were more or less co-located and consequently quite unacceptable to the growing pride of municipal government. Chamberlain was not alone among city leaders in seeking comprehensive redevelopment. The Artisans Dwelling Act of 1875 enabled large scale slum clearance and development schemes, including the opportunity to encourage commercially revenue producing products.

Chamberlain's agenda was essentially a social concept. He wanted effective solutions to urgent problems, but he wanted to do it within a regime of financial prudence. He also wanted a wider social and community fulfilment. His preoccupation with education, his ambition to enrich the cultural quality of the city and his determination to construct buildings and streets of environmental standards ahead of their time were all part of that vision.

In the three years before his election to Parliament in 1876 he had established the reputation that lasts to this day as one of Britain's outstanding municipal leaders. The Birmingham of that time was an opportunity designed for his radical views backed by his talent and energy. The rapid expansion of the population, the inadequacy of public provision or adequate infrastructure and the often appalling conditions of the people set an obvious agenda. He grasped it.

His arrival on the national stage moved his agenda on. The turbulence and controversy of his subsequent career has been well documented, and I am told a new biography is about to be published shortly.

Home rule for Ireland, the Boer War, free trade - great and dramatic issues of national importance but much divorced from the experience on which his reputation was based – the administration of great cities.

I do not intend to deliver a lecture outlining Chamberlain's role in these national events as in one way, for all its subsequent controversy, his career followed a very conventional journey. Once in Parliament he became absorbed in national affairs. Questions about the relationships between government in London and the great centres of our economic and social life, about the proper administration of our cities and what balance we should strike between national conformity and local initiative were to receive scant attention in the century ahead. Then, as now, municipal experience is not ranked highly in the corridors of power.

The 20th century saw local government's role change beyond recognition. And this was undoubtedly inevitable. The public appetite, the voters, demanded improved services. There just wasn't the money locally to finance these services and, where there was the money, it was located often within local authorities of very different resources.

In some ways you have to think of human transportation on foot or by horse or by cart in order to understand the origins of our local government system, because that was how you moved around. That was the communication process, and so local authorities that reflected your capacity to move were relevant. But, of course, the coming of the car, the railways and the bus changed all that, but it did not change the structure of local government.

The consequence of this changing demand and fulfilment in the 20th century led to a massive increase in central government expenditure and with it, of course, inevitably more central control. And with this central control came statutory responsibilities, branch office pyramids. You only have to think of the Chief Constable who answers to the Home Office, the County Surveyor who answers to the Ministry of Transport, the Chief Education Officer to the Department of Education to realise that what we were creating were great functional monopolies in which those at the receiving end of the cash saw their self-interest as watching their sponsoring department.

It was not a system likely to create a collective appraisal of the overall needs of the local community or the local economies. When you couple it with the nationalisation of the commanding heights of the economy in the 1940s and the privileges given to the publicly quoted companies in the City of London to take over private companies with tax incentives, as opposed to the punitive tax rates that applied to those who sold their companies for cash, you realise that in the 20th century we built London into an overarching over-dominant power controlling part of the British economy. It was a huge boost to London.

And the public knew all this. Despite the language of what we will do and who's in charge, the public hardly bothered to vote, and when they did they voted depending not upon what had happened locally but on what they thought of the record of national government. It was a chance, a local election, to kick the government in power.

Unlike Joseph Chamberlain, my political career gave me the chance to visit these issues every decade after I was first elected to the House of Commons in 1966. I served in the Department of the Environment on three separate occasions. And in that way, time and time again, I came face to face with the issues that are still there in large measure.

My first time was in 1970 as a Parliamentary Secretary under Peter Walker. Lord Radcliffe-Maud had published his report looking at the most effective way to manage Britain's municipal authorities, of which there were 1,400 at that time. He recommended that the number be reduced to just over 60. And not two tiers, or three tiers, but unitary authorities.

This presented Peter and the Conservative Party with a dilemma. Very large numbers of District councillors were officials of the local Conservative Party and it was unthinkable that Peter Walker was going to wipe from the face of the earth the very power centres upon which many Conservatives felt their political strengths rested. So Peter did what any politician would have done and he looked for the compromise. And it was a significant move forward.

1,400 authorities became 400, not the 60 that Radcliffe-Maud had recommended. But Peter had to do something because he knew that the next Labour government would introduce Radcliffe-Maud's recommendations and that would have been a massive consolidation of potential Labour strength.

There was another aspect which still plays a dominant role. Suburban and rural communities are very apprehensive of what the dominant urban communities will do, particularly with their tendency to high rating instincts and above all their wish to provide adequate social housing. And so, there is understandable justification for the decision Peter Walker took. I was his number two and he sent me to some of the more difficult authorities that needed to be persuaded, which I signally failed to do.

But the task that I best report to you tonight was to determine the boundaries of the newly proposed metropolitan counties, the great areas of Liverpool, Birmingham, Manchester. And I started in the most consultative way; I organised meetings of the local authorities to see who wanted to be in and who wanted to be out, and it was, for the reasons I have outlined to you, a wholly predictable process.

So, I hired a light aircraft, and with a map flew around the conurbation to finalise the decisions. The culmination of all of this was Wilmslow in Manchester. There is not a blade of grass between Wilmslow and Manchester. But the fierce local resistance to this immensely sensible idea that the richest Mancunians who made their brass in the city and lived in Cheshire should actually become a part of the conurbation led to the inevitable conclusion that I was reshuffled to become Minister of Aerospace.

My experiences then, of course, came to my appearance as Secretary of State for the Department of the Environment. And this in many ways was a formative experience. We created urban development corporations and I think that Joseph Chamberlain could claim the parentage of the urban development corporations with his property acquisitions of the 19th century. I became deeply involved in Liverpool and this didn't change my views - I had always believed in a partnership, the use of the public and private sector together, of competition in the allocation of funds. But what it did do was to bring home to me the intensity of the feeling of despair that existed in a great city, in that case Liverpool.

It was in very difficult economic circumstances and I obviously as a Party politician have no doubt at all as to where much of the responsibility for that great crisis lay. But, when they rioted in Toxteth I persuaded the Prime Minister that this was not something that could be dismissed as jobs on the street. I would be as appalled by that sort of protest as anybody else. But I asked to spend three weeks walking the streets in order to get to understand, and I felt a personal responsibility because I had actually first created the urban development corporation announced the Garden Festival and listed the Albert Dock in 1979 and the riots were in '81. And secondly, I had introduced the concept of partnership, of saying where there was public money the private sector will be invited to add to it. We will clean up the dereliction on that site, so will the housebuilders spend money developing the site?

The concept of partnership was a very important development of the 1980s. But in Liverpool, in that August of 1981, the one thing that was missing was anybody able to identify what needed to be done or anybody willing to play any part in doing it. They all knew what was wrong - him, her you, never me. And I'm one of those who take the simplest possible view - show me the problem, show me the person in charge. And in Liverpool, there was no-one in charge. And so I wrote my report *It Took a Riot*, because that's what they all said - you've only come because there was a riot. It was true and it certainly made an enormous impact on my views about the need to create some structure of accountability that was much more relevant, much closer to what every other advanced economy in the world does / did.

I was back again, in the 1990s and the journey created two new concepts of partnership. First, City Challenge, which was a massive process of eradication of slums. But instead of allocating money upfront we said to 30 local authorities: we have ten packages, you compete to show us how you will do it and how much the private sector will add to what the government can afford. This was highly controversial as you can imagine, but in practice it had the most exciting consequence. The winners gained the 10 packages, but the losers, after saying some quite unpleasant things, the next year had raised their game in a very commendable way.

We also legislated to give council tenants a degree of influence in the management of their own council estates. It's not been carried through in the way I would have hoped but it was an idea ahead of its time.

I had to revisit the problems of the two tiers. Scotland and Wales were simple - there were no Conservative councillors, so we legislated. And there was only one tier - unitary counties.

Incidentally many years later I went to Scotland, when I was doing *No Stone Unturned*, expecting the traditional roasting from the councillors for my appalling behaviour in getting rid of the districts but when I met COSLA, the local authority association, no-one brought the subject up. I thought this was odd, so I brought it up myself as I wanted to find out more. Of course I suddenly realised that what I had done was 20 years ago and I was talking to councillors in their 30s and 40s who knew nothing about the two-tier system I had got rid of. The one thing that they absolutely knew was that they didn't want to bring it back. So, it was an educational experience.

The next incarnation is perhaps the most surprising of them all because we lost the election in 1997 and my political career, in any conventional sense, would have been over. But I received a phone call from David Cameron, the new Leader of the

Conservative Party, asking whether I would accompany him to Liverpool. That led to my appointment to a study group of local government in the future which in turn led to the proposal for Mayors, and a second report in partnership with Sir Terry Leahy, the boss of Tesco, revisiting the early Liverpool report *It Took a Riot*.

But the difference between the work which Sir Terry and I did, and my memories of 1981 were stark. Into our office they all came, they all knew exactly what they wanted to do, and they were all prepared to play a part in doing it. They hadn't got a figure to mobilise around i.e. a Mayor, but this was a city transformed, and I was immensely aware of the difference between what I could see on a world stage with powerful leaders called Mayors and the present arrangements in our cities where there was no such equivalent.

So that led on to *No Stone Unturned*, which I hope played some part in persuading the government of the day, particularly the Chancellor, George Osborne, that we had to address this issue of devolution.

Needless to say, I knew of Chamberlain. And he was the inside front cover (of *No Stone Unturned*) with his quotation: "Unless I can secure for the nation results similar to those which have followed the adoption of my policies in Birmingham it will have been a sorry exchange to give up the Town Council for the Cabinet."

As I now begin to see Cabinet Ministers or potential Cabinet Ministers looking at the possibility of becoming Mayors, there is an element of a vision fulfilled for me. Because I think that is exactly what we should be doing - encouraging people on the way up to become very powerful local government figures and for those who have served their time in Cabinet moving to take their experience back in that direction.

There are now some seven conurbation authorities, which was difficult to see at the time when we lost the referendums, except in Bristol, over the appointments of Mayors. Why did we lose? Well, there wasn't much enthusiasm for it and we didn't give any incentives. There was nothing on the table to make it worth their while. This was a mistake. But we, with Greg Clark leading the charge, started offering deals. As a former Leader of one of the Manchester boroughs so eloquently put it in the House of Lords, it was a deal, it wasn't what we wanted but it was a deal, and the deal was good enough. If there is a figure at the heart of all this it is Howard Bernstein who had worked for ten years to make Manchester into incomparably the best and most effective run authority in the country.

So, I hope that the balance that has now been achieved of these mayoralities does mean that there will not be party controversy, that there will not be a party threatening to undo it all which is so characteristic of this country. But I have to say that, whilst welcoming the scale of the transformation that has taken place, if you say to me – what next? – the process has run out of steam. Brexit is such a dominant issue that Whitehall is frozen in its headlights. Though in truth, if Brexit happens, which is the last thing I want, re-energising and reactivating our great cities is the absolutely essential feature of the new Britain which shall emerge. It is actually the essential feature of the Britain which will remain if we don't leave Europe. We should have done it many years ago, but at the moment there is no appetite to push the frontiers in a way that I would like to see.

Well, Joseph Chamberlain was his own man. He had views and he fought for them. Controversy went hand in hand with the prodigious energy he brought to the task in hand. Distrusted for his radicalism, adored for his populism, he never forgot the soil of industrial Britain's heartland, Birmingham, in which he first rose to fame. Each generation of young politicians should read about Chamberlain. If you have the talent, the energy and conviction you can stride the corridors of political power despite the conventions, regardless of party disciplines under the clouds of continuing controversy.

Let me conclude with Mr Asquith's tribute to him in the House of Commons following his death in 1914: 'In that striking personality vivid, masterful, resolute, tenacious, there were no blurred or nebulous outlines; there were no relaxed fibres; there were no moods of doubt and hesitation; there were no pauses of lethargy or fear.'

I hope the new generation of Mayors will earn such tributes.

I welcome the establishment of the Chamberlain lecture. It is a privilege to have delivered the first.

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Local government: at the heart of economic growth and innovation for local communities. As a company, we have worked with numerous local government organisations over many years, helping them create innovative technology solutions to transform how local services are delivered.

Today's local government organisations are facing unprecedented pressures in the face of the twin challenges of rising demand and shrinking budgets. At the same time, technology-driven innovation and the devolution of new powers provide an opportunity to transform local regions as never before.

Some of the key themes from Baron Heseltine's report: regional collaboration, focusing on innovation, investing in skills, and recognising the need for the private and public sector to work together - are topics close to our heart too.

We have recognised the continued, and growing, focus on local autonomy and decentralisation of budgets in the changes we made to our own organisation in 2016. Because each geographic region faces unique opportunities and challenges, we have invested in our regional teams so that we are better able to support the needs of our public sector customers.

We have a long history of creating opportunities for young people, creating the skills that our company, and the country, needs to thrive in a digital world. In March this year, we announced that we are creating more than 1,300 new apprenticeships and graduate jobs at 85 locations around the UK, in areas such as engineering, customer service and cybersecurity.

BT activities support around 1 per cent of all employment in the UK, a considerable contribution for a single company. And as an organisation that takes its corporate social responsibilities very seriously, we are hugely committed to supporting local communities - through our tech literacy programme, our employee volunteering programme, and our carbon reduction and responsible supply chain initiatives.

Our purpose is to use the power of communications to make a better world. And making a better world - through improved community outcomes and local economic growth - is at the heart of local government as well. So it is fantastic to have the opportunity to co-host this inaugural Chamberlain Lecture, looking at the progress made with devolution and growth at a local level.

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We are a political engagement and community consultation company - our ethos is 'our world is local', this defines us and drives everything we do. Established in 2009, born from our Chief Executive's dedication to local government, Cratus is committed to creating and improving partnerships between local authorities, the private and third sectors. Led by Sir Merrick Cockell and Chris Roberts, we recognise the importance of decision making at local level and our primary goal is to help clients navigate the process.

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