

## SUMMARY OF SUBMISSIONS

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### INTRODUCTION

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**F.1** A key aim in carrying out this Inquiry has been to engage fully with as many people as possible who use, pay for, and work in or with local government. This includes public bodies, businesses; and the third sector whose activities influence local communities, economic prosperity and well-being. As well as inviting stakeholders to submit their views to me in writing, I have met and discussed these issues personally with a wide range of people and organisations from all parts of the country. I am grateful to all of those who have taken time to contribute to the Inquiry by submitting evidence and views, both in person and in writing. All of the responses that I have received have helped to inform my conclusions and to shape the recommendations set out in the final report.

### OVERVIEW OF THE INQUIRY'S CONSULTATION PROCESSES

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**Regional events** **F.2** During the first phase of my Inquiry I held nine evidence gathering events, one in each of the nine English regions, and an additional one in Wales to learn from the Welsh experience of revaluation and other relevant issues. At these events, attended by 235 people, I met representatives of local government, businesses, local Chambers of Commerce, tenant management bodies, Citizens Advice Bureaux and groups representing older people. The main findings from this period of engagement can be found in Annex C to my *Consultation Paper and Interim report* published in December 2005. In this Annex I will focus on the submissions I have received during the past year. For further details of wider stakeholder engagement and research undertaken by the Inquiry, please see Annex H.

**Open consultation** **F.3** There have been three main consultation periods for this Inquiry: first, covering the original remit of the Inquiry, focused on local government funding; second, covering my extended remit on both the role and function of local government and finally, following the Chancellor's request in December 2006, consideration of the implications for local government of the Barker Review of Land Use Planning, the Eddington Transport Study and the Leitch Review of Skills.<sup>1</sup> For further details on the third part of my consultation, see Annex G.

**Citizen interaction** **F.4** In January 2006, I invited council leaders and chief executives to use an interactive questionnaire, initially posted on my website, to stimulate debate with their citizens and to send me their views. The way this request was interpreted by councils was, in itself, indicative of the innovative and diverse approach to citizen engagement taken by local authorities. Methods included:

- bespoke or tailored surveys using the questionnaire posted on my website;
- in depth focus groups (Chester, Chesterfield, Derwentside, County Durham, Exeter, Staffordshire Moorlands, Southwark, Taunton Deane and Telford & Wrekin);
- citizens or residents panels (Arun, Chorley, Easington, Devon, Stratford upon Avon and Worcestershire);

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<sup>1</sup> Summarised in my Interim Report *Lyons Inquiry into Local Government – Consultation Paper and interim Report*, 2005.

- conferences and workshops (Walsall, Cornwall);
- an e-survey (Forest Heath);
- a citizen’s jury (Wolverhampton);
- a ‘Question Time’ event (South Holland); and
- an interactive video survey (Mansfield).

**F.5** Several other councils, including Canterbury, West Lancashire and Windsor & Maidenhead sent me details of their own consultation exercises, which were relevant to the Inquiry. In all, well over 6,500 people took part in these surveys, and I am grateful to all the councils involved in gathering together this information on my behalf.

**F.6** I also invited councils to provide me with evidence of innovative good practice and examples of where they felt they had been placed under undue pressure by the demands of central government. I received over 100 examples of such evidence, some of which have been used as case studies in this report.

**F.7** During the Inquiry, I have held smaller meetings with over 200 organisations and individuals wishing to make their views known.

### International visits

**F.8** I have also had contact with a number of different countries, including France, Norway, Korea, Australia and New Zealand, who were either in the process of reviewing their governance or taxation arrangements or have recently finished such a review. Additionally I received a variety of international examples of differing taxation systems many of which had some resonance and relevance to the English finance system.

### Core facts and figures

**F.9** Since December 2004, I have held a total of 37 information-gathering events, which have been attended by 1,405 people.

**F.10** Around 2,500 items of correspondence have been received over the length of my Inquiry (including through the interactive response function on my website); more than half of which 1,653 have been formal submissions responding to the issues raised by my Inquiry. Fifty three per cent (873 submissions) were from members of the public, including 392 who stated that they were pensioners.

**F.11** Apart from members of the public, the largest number of submissions came from local government itself. Over the course of the Inquiry, I received formal responses from 27 counties, 60 unitaries and metropolitan authorities, 25 London boroughs, and 93 districts. I received a number of submissions from the Greater London Authority (GLA) and Transport for London (TfL) as well as 25 from other types of authority, such as police and fire authorities. I also received responses from 20 parish councils and parish associations. Both Eastbourne Borough Council and Surrey County council, in joint submissions with their local chambers of commerce, made particularly interesting comments on the balance of control between central and local government.

**F.12** I also received submissions from 25 local government organisations. The Local Government Association (LGA) and many of its subgroups including the Special Interest Group of Metropolitan Authorities (SIGOMA) and the County Councils Network (CCN), have provided a consistent and wide ranging input over the length of my Inquiry as have the Chartered Institute of Public Finance & Accountancy (CIPFA) and London Councils (formerly the Association of London Government).

**F.13** Thirty-one business organisations sent submissions into the Inquiry, including the CBI and the British Chambers of Commerce (BCC). In addition to the hundreds of

petitions received from individual hotels and B&Bs, I also received more detailed comments from 20 individual businesses including Boots, B&Q and PM Group. London First provided me with a particularly cogent case in favour of partial relocalisation and both the CBI and BCC, in particular, have provided continuous and considered input to the debate throughout the Inquiry.

**F.14** I also received comments and submissions from a diverse range of stakeholders including academics, international organisations such as the OECD, third sector bodies including the Citizens Advice Bureau, Age Concern/Help the Aged, and other governance bodies such as the National Audit Office and the Audit Commission, who provided – amongst other things – some very useful insight into charging.

**F.15** I am grateful for the wide range of views and opinions I received from respected practitioners and organisations and a list of all those who have responded to my Inquiry is appended to the main report.

## KEY ISSUES RAISED

### Role and function

**Overview F.16** Around one third (27 per cent) of respondents to my Inquiry since December 2005 commented on the balance of control between central and local government and the respective roles they should play. Views were divided on which services should be national and which local. However, education, policing and health were regularly suggested as national services, with waste, environmental and library services often suggested as having a more local flavour – reflecting respondents’ current understanding, and the findings of my research which is summarised in Annex H.

**F.17** Local authorities in particular, welcomed my emphasis on their unique, place-shaping role, although it was recognised by other respondents – including businesses. Many comments centred around place-shaping behaviours such as negotiating, convening, community representation and empowerment. Councils were keen to emphasise their democratic representational mandate and the accountability and transparency this lent to their voice in partnership with others. However, there was also a call for councils to make more of consultation opportunities, providing important feedback to contributors following such exercises, particularly to demonstrate where their priorities had changed to take account of views received.

**F.18** Many councils sent in examples of particular pressures on services - these were backed up by comments from the third sector and members of the public who mentioned ‘postcode lotteries’. Commonly identified themes related to new planning and licensing burdens; concessionary bus fare schemes, and pressures created by demographic changes – such as increasing immigration or an ageing population.

**The role of central and local government F.19** I received more comments on this role and function issue than on any other topic. Views were varied. Many members of the public felt strongly that there should be central funding for services such as police, fire and education:

*Central Government should pay for public services for hospitals, police and emergency services. Allowing the local council to do their job with hardly any constraints. (Mrs E Bird)*

*Many people who have a strong sense of local identity still pine for the old boroughs and counties, whereas I strongly suspect that an increasing number of*

*people no longer define their identity in terms of locality.....why not fund all these services out of the national taxes we all pay? (R Knight)*

**F.20** The business community and some members of the public shared the view that there was too much prescription on local authorities from the centre and that councils were generally better placed to decide on how money should be spent locally.

*Even where Whitehall succeeds in devolving formal responsibility for decision making down from central government, it still often finds difficulty in letting go and allowing real autonomy at a local level. Business finds Whitehall micro-management in many areas both confusing and counter productive. (CBI)*

*The BCC believes that the organisation of public administration and service delivery in the UK is over-centralised in many areas and this situation has become increasingly pronounced over recent years. Overly detailed, burdensome prescription from the centre constrains councils' responses to local circumstances. (British Chambers of Commerce)*

*Creating good places to live, quality public services and strong communities needs good managers who focus on the needs of the people who are regarded as individuals with valid needs that should be satisfied. Good managers can only function if given authority to act. (A Coulthurst)*

**F.21** In general, views both from academics and think tanks challenged current arrangements and some voiced cynicism about the desire for change in Whitehall.

*...a complex and intransparent set of governance mechanisms which lack democratic accountability; and of confusion, duplication and inefficiency as new regional level bodies cut across long established relationships in policy delivery linking Whitehall and local government. The recent revival of the city-regions debate seems set only to add further complexity while also running the danger of marginalizing rural concerns. An overall assessment would be one of a policy agenda scuppered by the voters of the North East and now, in the absence of a coherent Plan B, beset by a restless, and ultimately directionless 'initiativitis.' (Tavistock Institute research paper)*

*We will get the degree of local autonomy we deserve. It is necessary always to ask how sincere is the underlying commitment to localism, versus the traditional British unitary state assumptions which emphasises national (government-in-parliament) sovereignty. I would observe that there is an instinctive centralism in much of the way British politics works, e.g. the constituency role of MPs. The emphasis on equalisation, common standards and the frequent concerns about 'postcode lotteries' are another aspect. (G Bramley, Heriot Watt University)*

**F.22** It was clear from the evidence received that many members of the public were confused about both the system of local government and local government funding

*I don't understand why we have both a County Council and a City Council, and to be honest, it seems surprising and somewhat ridiculous that there are over (I believe) 150 councillors in the City Council and on top of that over 80 at the County Council. The whole structure of local and county government needs to be reformed. (Web comment )*

*On the issue of funding of local government this is perennially confusing for people. This year out of a net revenue budget of £11.38 million the council*

*taxpayer raises only £4.61million. If you compound this with the application of different precepts (police, fire, county council and parishes) then the council taxpayer needs to be particularly studious to work out who is responsible for which element of the annual rise but also who is providing value for money. We go some way to this by a joint council tax leaflet with other partners and other clear external communications sharing where the money goes. (Wychavon District Council)*

**Central/local relations F.23** Most responses from local authorities identified tensions between central and local government. Many spoke of the frustration felt by councils at the different and often contradictory goals pursued by individual government departments. This extended to the performance regime, often seen as burdensome and over prescriptive. Local authorities were in agreement over this issue, irrespective of political orientation, region or type of council. To some (though not all) Local Area Agreements were seen as a potential solution.

*Members were very critical of the one size fits all approach from central government. As an example the number of car park spaces for new housing was quoted, which fails to accommodate the needs of new developments in rural locations which have little or no public transport provision (Suffolk Coastal District Council)*

*To some degree this role [as broker] means that local authorities are translating different forms of national targets...into locally specific targets and local programmes of services. To make this work better, the broker role requires one single agreement between central and local government rather than several different departments pursuing their own programmes of work. In this sense, local area agreements are a helpful model, but currently cover only part of the national and local agenda. (SIGOMA)*

**F.24** The CBI welcomed national minimum standards as necessary to ensure that poorly performing councils did not fail their communities, it was not however thought necessary to prescribe how those standards were achieved.

*The CBI would support a reduction in the number of national targets but only provided the correct incentives existed for local authorities to continue to set service standards that did more than guarantee minimum outcomes.*

**F.25** Many businesses debated, not so much the various levels of governance, but the lack of 'joined up' communication between tiers:

*A major issue to be addressed in any review of local government is how the different tiers of local government are arranged and structured. Retailers often experience poor levels of co-operation between different areas of local government, particularly in planning and development. (British Retail Consortium)*

*The lack of delineation, in terms of what local government is responsible for and what things other levels of government or public bodies are responsible for undoubtedly contributes to pressures on local government. (British Chambers of Commerce)*

**F.26** Most council submissions discussed aspects where they felt centralisation had particularly impacted upon their role, this included: the removal or diminution of local powers; the limiting of local discretion, the subordination of local to national priorities;

and the increasing central prescription of how local services should be delivered. These concerns were also reflected to a lesser extent by businesses, academics and other bodies.

*There is only a limited extent to which we can develop our role, reform our local structures or make decisions about our delivery commissioning and public involvement arrangements before we have a clear steer on the extent to which central government is prepared to reform its own structures. (Wolverhampton City Council)*

*We are strong proponents of the principle of subsidiarity and believe that local democratic accountability is an important driver to reversing the increasing sense of powerlessness that flows from decision making concerning many local public services being increasingly in the hands of national agencies and public bodies which do not have a local mandate. (Kent County Council)*

**F.27** A number of council responses felt that they had experienced increasing disempowerment which they suggested was best exemplified by the new or additional ‘regional’ layers of government such as the regional bodies and government offices. Surrey County Council’s view, which was from suggested that they were “An added supervisory layer rather than an added value layer.”

**F.28** However, there was a marked difference in perception between the elected Greater London Authority and other regional assemblies, perhaps due to its unique powers and funding flexibility. The GLA and Transport for London in particular identified areas where they felt they were ‘adding value’ across London due to their clear role, budgets and extended powers. Other regional bodies did not express such views, although they did provide some good examples of innovative partnership arrangements originating from within these bodies.

**F.29** Many councils commented on their relationship with the centre, often feeling their role had been increasingly relegated to a ‘delivery agent’ for national priorities.

*Given a simplification of national controls, the Council would be much better placed to take ownership of local choices and manage expectations. (Harrogate District Council)*

**F.30** Several respondents suggested areas for reform to address issues raised on central/local relations. A number of commentators supported the idea of a contractual approach between central and local government. It was suggested by the Local Government Information Unit (LGIU), amongst others, that the principles within the European Charter for local government might be used as a basis for such a contract.

*We believe that a contractual approach is the only way to guarantee the level of autonomy and flexibility that councils require to deliver key elements of their place shaping role, such as the prioritisation of resources, managing economic change, and addressing local needs and preferences. (Institute of Public Policy Research)*

*It would demonstrably improve local governance if there were a clear statement of powers in the form of a written settlement between central and local government specifying the power, responsibilities, duties and freedoms of each of the signatories. (Greater London Authority)*

**F.31** Devolution to the most appropriate level was felt by many to be a key concept in any solution.

*An important issue is critical mass. For some services regional groupings or responsibility are more appropriate. Some balance is needed in having sufficient responsibilities to exercise leverage and achieve economies of scale while not being so large that local democracy is undermined. (National Audit Office)*

**F.32** I also heard a great deal on general ‘governance’ issues especially extolling the value of formal or informal neighbourhood arrangements from bodies such as the New Local Government Network and the Young Foundation. Above all, what struck me in these arguments was that they clearly demonstrated that ‘one size fits all’ was not an option that could reasonably be pursued.

### Partnership working

**F.33** Some businesses, including the CBI (quoted below) supported the formal recognition of local government as a convenor of local services to enable it to fulfil its place shaping responsibilities:

*...[its effectiveness] as a convenor would be enhanced by a formal duty on all local public services to co-operate with the local authority...Using their local knowledge and ability to bring all local partners together, local government has a strong role to play as a commissioner of services.*

**F.34** Submissions highlighted two key aspects of the convenor role, firstly, in terms of strategic leadership underpinned by democratic accountability, bringing various partners and stakeholders together; and secondly, in terms of local scrutiny, whereby local councillors can hold to account the actions of other agencies in delivering services to their citizens. It is noteworthy that respondents overwhelmingly saw the Councils’ convening role as embracing all partners who contribute to public service outcomes - without distinguishing between public, private or third sector organisations.

*Members must lead, shape and develop and then take things forward on behalf of communities.... enabling, empowering and working with local communities to make change happen. (Association of North East Councils)*

*We ... support the principle of elected representatives monitoring and scrutinising the local delivery of public services in addition to strengthening and redefining the role of backbenchers and opposition members as reflecting the voice of the local community. (Hertfordshire Council Council)*

**F.35** Anticipating the Local Government White Paper *Strong and Prosperous Communities* published on 26th October by the department for Communities and Local Government, a number of submissions, such as the following by the LGA, suggested that a statutory duty to cooperate would be helpful.

*In the wider role as outlined by LGA it would be helpful to have the duty to co-operate to ensure a co-ordinating, planning and scrutineering role across a variety of relevant agencies.*

**F.36** However, this was not a view reflected by everyone - other respondents suggested that a call for a statutory duty would be an admission of failure and might be counter-productive in practical terms.

*Greater responsibility for local services could be engendered by more freedom to deliver outcomes, rather than focus on inputs and output measures. A contractual*

*approach would be potentially restrictive, and act against engaging the community on local priorities.* (Basingstoke & Deane District Council)

**F.37** Others, called for the convening role to be devolved to the most appropriate level of governance;

*To build more constructive relationships between representative and participatory democracy and between strategic and local community governance, for instance by encouraging frontline councillors to join neighbourhood bodies, starting conversations about the devolution of council budgets and services and connecting local plans into larger strategies in a context where subsidiarity is not always easy to define.* (Young Foundation, *Transforming Neighbourhoods*)

**F.38** Some councils expressed the view that steps towards more meaningful devolution had been taken with the decision to back Local Area Agreements, although they expressed some concerns over progress currently being made, calling for further action to address effective partnership working and pooling of budgets.

*A system of devolution would need .....checks, because public pressure can be created by the media and the disproportionate influence of vociferous minorities.* (Bournemouth Borough Council)

*It seems to us that the theory of balancing local and national requirements and targets has been developed in LAAs. The problem is that LAAs have not been implemented yet according to that theory. An analogy can be drawn with staff or community empowerment: if there is no true devolution of power, then there is no real empowerment. The principle of 'earned autonomy' again is a sound one that is yet to be put into practice.* (Darlington Council)

**F.39** There was support, for setting wider priorities in certain areas, especially where they were felt to lead to more effective collaboration between authorities:

*There are some functions which have clearly benefited from a strategic perspective across Local Authority borders, such as housing allocations and transport infrastructure.* (Southampton City Council)

*There will never be sufficient funding for all economic development schemes to be realised and therefore collaboration across boundaries and prioritisation is crucial.* (England's Regional Development Agencies)

**F.40** Some wrote to me extolling the role parish councils had to play in partnership working and service delivery although others emphasised that training and other support would be needed to enable town and parish councils to take on this role.

*I hope the Inquiry does not overlook the work of the town and parish councils in supporting delivery. A general power of well-being for quality status town and parish councils can only aid delivery of services. I would recommend the restriction to quality status parishes so that there is a level of comfort and accountability in this extension.* (Web comment)

*I would suggest that if power is to be devolved downwards, that before such action is taken town and parish councils are required to have in place the infrastructure, training and necessary personnel to undertake the new status.* (M. Retallick)



## Place-shaping – a wider role for local government

**F.41** Since I first discussed place-shaping in my May report, this term has had resonance with many respondents including local authorities themselves and I am particularly pleased that councils have found this a useful way of articulating their key, but not always acknowledged, strategic role. Members of the public have also acknowledged the effective role often played by local government in its place-shaping function of representation and engagement with its communities, together with its wider role of maintaining, and in some cases regenerating, communities through planning, infrastructure and long-term strategy.

*The definition of ‘place-shaping’ set out in the Report is particularly useful in its approach to identifying the more ‘intangible’ or difficult to quantify roles of local government. This is especially important in urban areas, where economic, social and environmental prosperity is overseen and facilitated by local authorities. (Bradford Metropolitan Borough Council)*

**F.42** Many businesses have also told me that they welcome the opportunity to work closely with local authorities in developing the place-shaping role.

*Local authorities and businesses are vital to each others’ success and have a common interest in the formation and realization of any local vision and place shaping. (British Chambers of Commerce).*

**F.43** Many councils commented on their capacity to harness an understanding of local needs with their strategic ‘influencing’ abilities and to catalyse sustainable economic development. Others identified the need to develop skills for place-shaping and to support capacity building amongst local authority members and officers in addition to LSP chairs and leading players;

*We believe that the place-shaping role of local government must include three additional characteristics: the power to tailor funding streams to local circumstances; a commitment to asymmetric devolution; recognition that place is not constrained by local authority boundaries. (Institute of Public Policy Research)*

*Local authorities and their key stakeholders at city region, sub regional and regional level need to be supported to ensure we have enough people with the skills and knowledge to deliver the ambitious place shaping role for local government. This place-shaping role is an integral part of building and maintaining sustainable development. (Academy for Sustainable Communities)*

**F.44** The important role of locally-elected councillors, including non-executive or frontline councillors, in helping to shape the communities they represent was highlighted in a number of submissions. Several council respondents spoke of the important if difficult place-shaping role of balancing – and arbitrating – competing priorities and demands.

## Accountability

**F.45** Many respondents recognised the unique position held by local authorities in terms of their democratic mandate and expressed the need for councils to reconnect and re-engage with citizens to improve that mandate. Some expressed concern about the increasing numbers of unrepresentative bodies carrying out public functions without any public scrutiny:

*More value has to be placed on the richness that elected Members can bring. They can represent interests better than most other mechanisms, they can interpret opinion, they can lead opinion. They add character, personality and vigour to the act of governance. We have to use the richness that the political process brings; not try to sanitise it or sideline it. (Crewe & Nantwich Borough Council)*

*Councils have the only direct local mandate in relation to decision-making and service delivery within their communities.....The ballot box brings accountability and, just as important, the ability for local people themselves to take part in the place shaping by becoming councillors. (St. Edmundsbury Council)*

*More frequent elections would be important: the governing party ought not to be able to sit back and think it is safe for four years, and all councils should have elections each year for a third or a quarter of the seats. Proportional representation would be important too. (Web comment)*

*In recent years, housing investment has increasingly moved away from local authority stewardship towards sub-regional and regional allocation, and administration processes. This has achieved some notable delivery improvements but at the expense, in some instances, of robust local authority involvement. (London Councils)*

**F.46** Improving the skills, role, and accountability of frontline councillors was emphasised by many commentators as vital in enabling local authorities to achieve a real understanding of the ‘place’ they represent.

*Today’s Cabinet system creates a few ‘super councillors’ but leaves the remainder serving on, perhaps, just one committee. They cannot gain experience or wisdom – except in one tiny area. (N. Fisher)*

*There is a widely recognised issue around the willingness and capacity of locally elected councillors, especially those with other jobs, being able to fulfil increasingly demanding and complex roles. (East Sussex County Council)*

*Strategic leadership exercised through democratic institutions must be underpinned by thriving democracy.....The council of the future needs to be, and perceived, as having sufficient influence to attract high calibre candidates who want to and are committed to making a contribution. (Association of North East Councils)*

## Engagement

**F.47** Despite receiving several good examples of public engagement, many submissions felt local councils did not currently make best use of their consultation opportunities. Some particularly commented on the lack of feedback, and were often unable to demonstrate the results of consultation exercises, which would provide the benefit of making decisions more transparent and perhaps more acceptable to local citizens. While many I spoke to called for a greater involvement by ordinary citizens with their council, the inability of many authorities to accurately reflect back the outcomes of participatory exercises seems to have affected trust in the process and perhaps even led to an increase in public apathy. Other responses stressed the need to clarify who was responsible for which service in order to improve local understanding – which some felt may also improve perceived fairness.

*We believe there is scope for better communication and engagement with residents to demonstrate the local choices on offer. (Age Concern)*

*My reason for writing is to reinforce....the need to involve ordinary citizens far more in service, design, planning, delivery and review (Better Government for Older People)*

*Participatory processes at the level of individual parishes & communities, such as local Landscape Character Assessments, Parish Plans, Village Design Statements and Village Appraisals should be given more encouragement in national planning policy. (Council for the Protection of Rural England)*

**F.48** Many councils identified important steps that they were making in this area and I received various examples of innovation such as role playing exercises, regular e-surveys and youth parliaments.

**F.49** Submissions from most third sector bodies reflected on the uneven nature of their partnership with local government feeling a lack of engagement; affected the vital part they felt they could play if given the opportunity:

*Voluntary and community organisations play three very important roles: they provide information and give advice; they enable people's voices to be heard and they provide activities or services. (National Council for Voluntary Organisations)*

**F.50** Submissions and comments received indicated that business would also welcome the opportunity for more meaningful engagement;

*Although businesses do engage locally – and would welcome further opportunities, the present system discourages participation – business sees local consultation as being little more than a ‘talking shop’ with little real power to turn aspirations into reality. (Boots Plc)*

*We are convinced that the right engagement between businesses and elected members is the vital ingredient of an effective balancing of the needs of business and economic growth on the one hand and those of the community benefit on the other. (South Bank Employers Group)*

*Business is keen to see far more constructive links between local authorities and local businesses and believes that consultation is insufficient when, in practice, there is no leverage or redress. Also, most mechanisms/partnership structures used to engage business in London are not ‘business friendly’. Informal structures may often be more effective if there is a genuine desire to consult. (London First).*

**F.51** I received a wide variety of comments on ‘neighbourhoods’ and ‘community engagement’. John May at the Metropolitan Police Authority suggested that, as demands on our communities to engage intensify the numbers of people able to demonstrate that commitment decrease thus leading to an increasing devaluation of the views received from ‘the faithful few’. Other commentators suggested effective engagement was a continuous process – a two-way conversation – and should involve not only geographical communities but ‘communities of interest’. Thought also needed to be given to time, place and level of engagement, dependent on the outcome required.

*During the reorganisation of local government in the 1990s, efforts were made to assess local identity. Driving factors were found to be the characteristics of people themselves – such as the length of stay in the area – rather than characteristics of*

*the spatial areas, such as whether it had a culturally and historically distinct identity.* (Joseph Rowntree Foundation)

## Co-production

**F.52** The idea of ‘active citizenship’ where people become more dynamically involved in their communities is an issue in which increasing interest is being shown as one way in which citizens can become more empowered and engaged with their communities and where local government has a role to play.

*The responsibility is not just to ‘lead’ but to actively co-create with its communities the objectives to which that leadership must be applied.* (Clive Grace, SOLACE Imprint Article)

**F.53** Co-production was not an issue commented on directly in many responses to my Inquiry. However it was recognised, particularly by third sector bodies, that much more needed to be done to engage service users in the design and delivery of services.

*Communities should be involved from the outset, they should be given the opportunity to identify their concerns and priorities, and be given opportunities to help design solutions.* (National Council for Voluntary Organisations)

## Managing pressures

**F.54** There was recognition from many quarters of the multiple pressures that local government faces today and the fact that these often result in the ‘crowding out’ of local priorities. Three sets of pressures were most frequently identified by local government respondents these were; rising public expectations, increasing regulatory burden particularly through performance management, and demography. Many councils expressed the view that whilst they set great store by meeting the high standards expected of them, they were consistently restricted by external pressures – funding levels; tighter regulation; higher standards; and national priorities having to take precedence over local preferences. Many commented that these pressures often impede progress and stifle innovation and ambition. Unison also commented on the impact of these pressures on the lives of front-line workers.

*Local government can listen to local people but it is hamstrung in its ability to respond to those views. This makes people feel local government does not listen or care: the truth is it does not have the combination of freedoms and powers to do as many of the significant things as people would like or need.* (Eastbourne Borough Council)

*We recognise that local authorities are facing significant pressures – from users of services, from targets and performance systems and in some cases from central government in terms of funding commitments made nationally.* (CBI)

*Day-to day pressure comes from constant change and user expectation on the one side and limited resources, lack of investment and uncertainty on the other.... [there is] evidence of the stress this causes members, on top of the violence and abuse faced by members on the front line.* (UNISON)

**F.55** Councils frequently cited the pressures created by the rising numbers of people aged over 85, at a time of low annual increases in central financial support for social care services, coupled with a desire for greater investment in preventative services.

There was also concern that the use of inaccurate or outdated population data could result in under-reported demand for services.:

*Take for example the demographic pressures we have in Shropshire. We have a rapidly growing population of elderly and very elderly people and falling pupil numbers in our schools. The recent Settlement gave a rise of 6.7 per cent to schools and 2.1 per cent to all other services. From an economic perspective, we are not getting the same utility from that last £1 million spent on schools as we would if we were free to make the choice to spend it on services for older people that can keep them at home and out of expensive hospital places. (Shropshire County Council)*

**F.56** Other significant pressures mentioned included the huge investment expended by council staff to prepare and respond to heavy performance regime requirements, which were felt to distort council priorities.

*We need a joined up government agenda that effectively rewards high performance, incentivises ongoing improvement, and addresses the massive costs to councils of monitoring and inspection, to enable a step change in service delivery. We need a risk based inspection regime based on local agendas, increasing capacity in local government to focus on improvement activity; with the removal of micromanagement of local services from the centre. (West Midlands Local Government Association)*

**F.57** Members of the public tended to see pressures on services in terms of a 'postcode lottery', whereas councils provided examples of what they considered to be partially or crudely funded mandates. Councils also argued that the heavy regulatory assessment burden placed on them and the length of time spent preparing for various specific grant bids, resulted in less resources available for longer term strategic issues such as place-shaping and services that people and communities really want.

*Much of this pressure on resources comes from detailed prescription from external sources. Such detailed prescription over targets and service provision and grant conditions continue to be an unnecessary diversion. (Association of Police Authorities)*

**F.58** There was some acceptance across the range of submissions, especially from councils, that it was unrealistic to expect unlimited funds for every service to be provided equally, especially when communities' needs differed. Indeed, many councils felt that allocation of funds in the most effective way for their community - including making some difficult choices - was part of their place shaping role.

*Emphasis on the distinctive identity of localities is an enormously welcome counterweight to daily 'postcode lottery' stories. It is not possible for everything to be as good as the average and it is certainly not affordable. (Royal Borough of Kensington & Chelsea)*

## FUNDING AND FINANCE ISSUES

### Overview

**F.59** Most submissions from councils and other organisations received after December 2005 related to the role and function of local government, although some respondents continued to stress the importance of funding reforms. Overall, there was a greater emphasis on the fairness of council tax from the perspectives of those who pay it, rather than more technical issues around bandings and ratios, although those issues were still emphasised by some as being necessary to ensure that council tax remained 'fit for purpose'. In the absence of better alternatives, many respondents seemed to consider the critical task be to mitigate those aspects of council tax that continue to contribute to its unpopularity.

**F.60** The most frequently raised issue by members of the public was council tax, commented on by 426 (70 per cent) of respondents, many of whom were pensioners. The majority were keen to highlight what they perceived as the unfairness of council tax on those who were asset rich but cash poor. Overall, 75 per cent of people who commented on council tax wanted to see it amended while 24 per cent wanted to see it abolished and replaced by a system of national income tax. Just one per cent wanted to see it retained in its current form.

**F.61** Many other respondents, including councils and voluntary organisations as well as individuals, felt that the way in which eligibility for council tax benefit was calculated – and especially the savings limit of £16,000 was no longer equitable and contributed to the perceived unfairness of the tax.

**F.62** Most council responses remained broadly in favour of some form of localisation of business rates. National business organisations remained formally opposed, however there appeared to be increasing calls by business for local government to be engaged in a meaningful dialogue with them and better able to respond to business needs. Some individual business submissions suggested that – providing suitable safeguards were in place – a percentage of the business rate could usefully be returned to local government in the pursuit of investing in infrastructure, economic prosperity at the local level.

**F.63** Many suggestions from stakeholders were received on how local government might raise funds, ranging from charging for waste, extensions to congestion charging schemes, introducing local tourism and sales tax, land value taxes or workplace parking charges, exploiting S106 and planning gain more effectively, to rationalising council tax exemptions and discounts.

**F.64** The question of how to 'rebalance' funding between central and local government was also raised primarily by local authorities, policy organisations and businesses. No simple solutions were proposed, although issues around trust between central and local government to use funding appropriately by abolishing capping and reducing the number of ring fenced grants were common themes.

**F.65** There was however, increasing acceptance across the range of submissions that it was unrealistic to expect unlimited funds to be provided to ensure the same high standards across every service, especially when communities' needs differed. Indeed comments from many councils over the course of this Inquiry stressed that the effective allocation of funds within their communities - including making some difficult choices -

was part of their place-shaping role, which was being constrained both by central government targets and limited flexibility in how money was both raised and spent.

## Council tax

**F.66** As discussed above, most comments from individual members of the public expressed concerns relating to the fairness of council tax particularly in terms of ability to pay. This group comprised many pensioners and carers, a number of whom had been encouraged to write by organisations, wishing to see council tax abolished and replaced by a system of national taxation. Others struggled to find comparisons between property value and service use and suggested that a return to the community charge or 'poll tax' would be more equitable.

*I pay out 20 per cent of my income in council tax, and that's even with the 25% reduction for sole occupancy (P Neale)*

*Council tax is...a selective poll tax. The better off you are, the less you pay proportionally and the less significant the tax becomes. It is a tax deliberately designed to increase the gap between the rich and poor. (CL Morris)*

*I think it is grossly unfair that council tax should be based on the... value of a persons house. For example I have a quite a valuable house locally, yet my income is quite low. People living close by in exactly the same house with more people living in their houses pay the same council tax as I. (P Martin)*

*Council tax must be reformed before any thought can be given to the reform of local government as a whole. It must be based on ability to pay and fairness. (M Glass)*

**F.67** Citizens Advice Bureau (CAB) made a telling comment that eight per cent of their total debt enquiries related to council tax debts. They suggested that the harsh penalties used for recouping such arrears were out of step with other repayment mechanisms and suggested a number of reforms to council tax legislation on enforcement and collection. These included: a requirement for local authorities to check there were no outstanding claims for council tax benefit; not to let years of arrears build up before starting action; to allow deductions from income support and/or jobseekers allowance to pay council tax arrears and that councils should not use multiple forms of enforcement to recover council tax debts.

## Council tax benefit

**F.68** Submissions on the subject of Council Tax Benefit focused on the need to reform the system to avoid council tax falling into irrevocable disrepute. Many, including councils and voluntary organisations argued that that the way in which eligibility for council tax benefit was calculated – and especially the savings limit of £16,000 - was no longer equitable and contributed to the perceived unfairness of the tax.

*A bequest last year took my savings over the £16,000 limit, the income from which is deemed to cover comfortably average living expenses. .... depleting ones savings to meet the tax reduces future income, which calls for more depletion, which further reduces income and so on until one is so impoverished that an appeal must be made for housing benefit and council tax relief. (H Ferguson)*

**F.69** A number of older people's organisations stressed the urgent need to review the current system of exemptions, discounts and disability reductions. Their view – shared by the Citizens Advice Bureau - was that it was essential to improve take-up of council tax benefit by making council tax reductions more automatic.

*The latest figures from the Department for Work and Pensions show that up to as many as two million pensioners are not receiving their entitlements to council tax benefit, amounting to £1.1 billion in unclaimed benefit (National Pensioners Convention)*

**F.70** However, pensioners were not the only individuals who wrote to me voicing their concerns about the council tax benefit system. I received a number of submissions from carers implying that, whilst they had chosen to become a carer, some of the benefits they received seemed to cancel out other potential. I also heard similar views from disabled people;

*Since starting to look after my mother...I lost my single occupier's reduction and although I have an underlying entitlement to carers allowance, my caring for my mother has cost me my job, my council tax reduction benefit and my freedom.....My mother does get the lower rate attendance allowance, but this is hers, not mine. (Ms H Hook)*

*If I had a room dedicated to me because of my disability and used only by me then I would get 25 per cent discount. If I was to divorce my wife and live [separately] I would get 25 per cent discount.... There must be many thousands of us who are in this position we can't work due to disability...the whole benefit system needs to be simple and not discriminate against the disabled. (M Faccini)*

**F.71** There was no clear consensus, but options to improve benefit take-up proposed to the Inquiry included: rebranding it as a rebate or discount; standard pensioner household discounts; changes to capital thresholds, and streamlining and simplifying the process by which council tax benefit was claimed, perhaps by linking it to other benefits or discounts.

*A high priority needs to be given to improving the take up of council tax benefit, including examining ways in which the benefit system could be translated into a rebate, which does not require individuals to submit claims. Consideration should also be given to raising the savings limit for pensioners as the current system discourages individuals with relatively low retirement incomes from saving for their old age and seeking to maintain their independence. An alternative approach would be to introduce a flat rate council tax discount for all pensioners. (Hampshire County Council)*

*A significant step in increasing equity in council tax is to rework the council tax benefit system so as to improve the take-up of qualifying taxpayers. Reducing the complexity of the application process is key, and small improvements such as changing its name may also assist. It would be more appropriate to automatically give the benefit to those who are deemed eligible. (London Borough of Camden)*

**F.72** A significant majority of councils, endorsed the findings from my earlier research and modelling, regarding improvements to the structure and operation of council tax benefit as being key components in a package of measures to improve the perceived fairness of council tax and to reduce hardship.



## Council tax discounts and exemptions

**F.73** A number of students and student bodies wrote in favour of retaining the student exemption for council tax – particularly citing the introduction of student loans and course fee charges as reasons. However, a significant number of non-student respondents felt that, as relatively heavy service users, students or their landlords should make some contribution.

*We have a substantial student population, many of whom are housed in private accommodation where the landlords are exempt from paying council tax, these students have access to all the amenities provided by those of us who pay and I feel it is high time these properties were taxed.* (J Gater)

*[People like me]....are in effect subsidising people who are quite capable of paying council tax from income and profit from letting.* (K Grindel)

**F.74** Some members of the public commented on the disparity between the treatment of empty properties and second homes and it was suggested that if this were changed it might act as a catalyst to encourage more empty homes to be brought back into use.

**F.75** Others wrote to say that second home owners should not receive a discount on their council tax as they were driving up prices and preventing local people from buying properties in desirable areas. However, a few submissions from the tourism industry suggested that care needed to be taken to differentiate between private holiday homes and bespoke holiday centres.

## Revaluation

**F.76** Many members of the public wrote expressing concern about the impact of revaluation, although it is true to say that there was some degree of confusion about how this would work. Many people had unfounded fears that the rise in property values since 1991 would mean that all properties would move up council tax bands (in fact the band margins would have to move themselves to reflect changes in the property market since 1991). However these are complex issues and it is understandable that people were uncertain about what revaluation would mean for them. There was also general recognition that any form of revaluation would inevitably provoke a great deal of adverse publicity.

**F.77** However, most of the comments I received from councils and other organisations recommended regular revaluations to maintain the integrity of the system.

*Periodic revaluation is probably necessary to maintain the credibility of the council tax base, and we would prefer to see a regionally based system to address horizontal equity for taxpayers living in similar properties.* (London Borough of Havering)

Whatever system of local taxation is used, it is important that the local tax base is updated at periodic intervals so, the longer the delay in updating the council tax base the more difficult it will be to manage the outcome (Cumbria County Council)

## Revenue equalisation

**F.78** Many respondents to my Inquiry recognised the importance of equalisation - the process by which central government takes account of the different needs, resources and costs of providing services in different areas - to enable each local authority to provide acceptable levels of services. Many of the more recent submissions continued to underline the point that changes were needed to make the system fairer and easier to understand.

*A basic principle needs to be established that equalisation should be linked to spending levels that the Government is willing to support. It is reasonable to expect additional spending determined by the local authority in excess of the levels supported by Government to be financed by local taxation. (Hampshire County Council)*

*Some form of equalisation is important but the way and the extent to which this is achieved should be revisited. The system is complicated, primarily because of the complexity of the relative needs formulae. A grant without a needs element would be simpler but would also lead to large disparities between authorities and unacceptable increases in local taxes....The dependency which full equalisation creates needs to be redressed. It is acknowledged that in moving from the current to the new position the appropriate transitional scheme would be required. (Local Government Association)*

## Local income tax

**F.79** My original remit asked me to explore the option of a local income tax (LIT) more closely and many members of the public have continued to comment on this issue, suggesting that LIT would offer a more equitable way of raising money than council tax.

*I am personally against local government being funded by the council tax based on the value of one's home .....HMRC has details of the addresses of all UK taxpayers, so I suggest that a local tax is deducted from an individual's income, which is then automatically transferred to the local authority responsible. (Dr R Williamson)*

**F.80** However, the vast majority of Councils who have written to me remained opposed to a local income tax. Reasons given ranged from the complexity and additional transactional costs arising from collection, to serious doubts about acceptability amongst those who would be liable to pay it. Very few businesses made any comment about personal taxation systems although both B&Q and Boots highlighted the administrative difficulties of implementing a LIT.

*A local income tax would only be local if local authorities set tax rates, bands and allowances. If this were to occur the tax would become enormously difficult to manage and administer for both the Inland Revenue and employers via the PAYE system. (Boots Plc)*

## Business use of local services and business rates

**F.81** Much of the debate about who should pay for services continued to focus on whether to relocalise business rates. Most business organisations and businesses' submissions remained formally opposed to relocalisation, although there was an increasing acceptance that local government needed to be engaged in a meaningful dialogue with business. Local chambers of commerce and businesses were more ambivalent, with some in favour of some form of localisation;

*We consider that there would be no significant 're-engagement' of major national businesses with individual local authorities from re-localisation. Although property may be a local asset, the majority of value represented by this asset is occupied by businesses that are competing in a national or global marketplace. (B&Q)*

*We would wish to see the return to Surrey County Council control of the business rates. This would give the business community a stake in the county and enable it to express its views about the balance between tax raising and investment. For example, businesses would be empowered to argue for an increase in the business rate on the understanding that the proceeds would be invested in measures to reduce congestion (Surrey Chamber of Commerce)*

*In the event that a supplementary business rate be introduced it is vital that such a levy be clearly labelled as additional funding, ring fenced to be spent only on agreed initiatives of benefit to business, and measured against clearly defined evaluation criteria. (British Retail Consortium)*

**F.82** Over half of the councils who responded to my Inquiry said that they were in favour of relocalisation. However there was no consensus on how this should be achieved. Most spoke in favour of it being linked to closer partnerships with the business community and many suggested some degree of ring-fencing of income raised from local business rates to local economic development activities. Others suggested local additions to the business rate commensurate with their business purpose, for example, based on turnover or use, and linked to the impact on local services, such as a waste surcharge for businesses generating large amounts of refuse.

*The council considers the business rate should revert to a local tax in order to restore the linkages between local councils and business ratepayers. This would enable councils to engage businesses in meaningful dialogue about how their rate payments would best contribute to local investment that supports continued economic growth. (Surrey County Council)*

*We believe that local business rates should be returned to local control with a mechanism for business to hold local government to account. (London Borough of Havering)*

**F.83** I also received a submission from the GLA arguing for the total return of business rates raised in London to the Authority, in exchange for cessation of grant funding, which they felt indicated a more transparent and equitable 'balancing of the books' for the area. It was suggested that a percentage of this sum could be returned, through equalisation, to each borough.

*[This would] increase local flexibility over financing of infrastructure to enable the capital to meet the high level of investment required to support its economic and demographic growth. (Greater London Authority)*

**F.84** Other authorities however, many of which currently benefit most from the equalisation process, were less keen to see total relocalisation unless some checks and balances were put in place.

*Whilst the idea of having local control of business rates leads to improved visibility in taxation there is a need for stability. Redbridge does not have a high business rate tax base and therefore collects less in business rates than it receives from the Government via the redistribution mechanism. ....Any new system of controlling business rates locally in Redbridge would require that rates are kept up to date with cost pressures. Should local control of business rates be subject to equalisation then Redbridge should in principle be in favour. (London Borough of Redbridge)*

## **Business Improvement Districts (BIDs) and Local Authority Business Growth Incentive (LABGI)**

**F.85** I received mixed views about Business Improvement Districts and Local Authority Business Growth Incentive mechanisms. These were regarded by many local authorities as offering a potentially useful incentive for developing partnerships. However, their complexity, and limited scope and timescales for operation had created uncertainty about their overall effectiveness and many considered the benefits to be unpredictable. Business respondents tended to agree that these offered a new working relationship with their local authority but also considered that short-term thinking, limited scale and constrained and complex processes had limited their effectiveness.

*BIDs and LABGI are welcome relaxations of restrictions but are too marginal and hard to forecast to be effective in changing behaviours and budgets. (Royal Borough of Kensington & Chelsea)*

*We welcome the scope to raise additional monies through schemes like BIDs and LABGI, and believe they are a step in the right direction but are complex and only provide relatively small amounts of funding...However our overall view is that that the scheme has been a success. (Leeds City Council)*

## **Other potential local taxes and charges**

**F.86** Many stakeholders presented options for alternative sources of finance for local authorities although there was little consensus about what form these should take and which services they should fund. Surrey County Council, in a joint submission with the Surrey Chamber of Commerce, made a case for a local sales tax on fuel. Other councils, whilst acknowledging that they were constrained by diminishing revenues and rising expectations, felt that trying to increase income from fees and charges would provoke public and media hostility without necessarily providing any additional flexibility or freedom of spend.

*Notably our three year Local Public Service agreement ended in March 2006 without the promised freedom to use parking income ever materializing. (Royal Borough of Kensington & Chelsea)*

*Other sources of income should be developed where possible: congestion charging (linked to improvements in public transport), taxes for non-domestic off-street parking spaces (which would also be a tax on out of town retailing, and an encouragement for more local shops), and possibly local [bed/night] or sales taxes. (Andrew Coulson, INLOGOV).*

*....additional sources of income to fund public infrastructure including, retention of a proportion of business rates, local additional levy on business rates; tourist taxes (for example a hotel bed tax) to support specific tourist related capital investments such as a new arena or a concert hall. (Leeds City Council)*

**F.87** During the course of my Inquiry, the increase in representations on issues such on council tax and waste charging following widespread media coverage was striking. This illustrates the power of the media in raising awareness and initiating public debate. One or two respondents have also commented on this and suggested that greater use should be made of the local media to improve local accountability.

*The media is by far the most important conduit for communication beyond the level of personal networks. A lively, informative and engaging local media-both press and broadcast- is critical to stimulating an informed debate about local politics...the media is powerful-any consideration of how the accountability of local government might be improved could usefully consider its role. (member of public )*

**Tourism tax F.88** I received a great deal of correspondence on the possible introduction of a blanket tax on tourism. Over 500 individual businesses sent proformas to my Inquiry opposing this and 'Caterer and Hotelkeeper' organised a 'say no to bed tax' petition with 4028 signatures. I also received correspondence from larger organisations such as Butlins, Travelodge and Pontins as well as tourism representative bodies.

**F.89** Some who wrote to me were opposed to a blanket tourist tax, believing that the impact would generally be felt by those least able to afford it.

*A bed and breakfast levy....could only be achieved by excluding the smaller (say under 30 beds) establishments, because lower income guests would be prohibited from taking holidays in this country...and any increase in UK holidays would mean some pensioners would have no holidays at all. (Mrs T Amphlett)*

*Tourism in the UK is already a highly competitive and highly priced business with tourists to the UK already paying a higher level of VAT than other countries, more than three times than in France and twice the European average of 8.5%. The introduction of further taxation would have a significant effect, resulting in a decline in the number of visitors to the UK. (Christchurch Borough Council)*

*A more amicable and fair approach would be to ensure that a proper proportion of the existing tax take and, in particular, business rates generated by all businesses benefiting from the visitor, was paid to, and retained by, the local authority. (British Resorts and Destinations Association)*

**F.90** Opinion amongst councils was more divided – some areas which attract visitors, favoured the introduction of some form of tourist tax whilst others opposed it.

**Sales tax F.91** I also heard mixed views about sales tax; some organisations believed that it would lead to distortions in the market, whereas others felt that, given flexibility, it could be a viable option.

*It would create huge distortions in local markets, driving consumers seeking lower prices across local authority boundaries. (British Retail Consortium)*

*Local authorities have responsibility for too small a geographical area to be able to set a sales tax without distorting the market. A sales tax would also present a further compliance cost, one that varied across 350 areas. (Boots Plc)*

*We propose a new power to levy a small local tax on petrol from all forecourts in the County...A tax of 1p per litre of fuel would raise approximately £7.5M, which could be invested in measures to reduce congestion. (Surrey County Council)*

**F.92** There was some support from the public for a sales tax to replace council tax as it was felt that fairness would be improved because those who ‘consumed more’ would pay more.

*A tax [of]...maybe three or four per cent on all goods at the till... has several attractions ...everyone pays... It would be simple and cheap to collect. It would not affect the shopkeepers’ profit or turnover. The rate need not go up at all, once it had been decided. Each council could set its own rate, and would have to be careful not to pitch too high, as this would drive the public to another area to shop where the tax was lower. This would lead to competition between councils to keep costs down. (C. Scriven)*

### Waste charging

**F.93** Waste charging was a matter of concern for many who commented, especially following media reports about ‘bin tax’ and other attempts to improve recycling over the course of my Inquiry;

*... European countries who already have this charge in place, ...do not pay as much tax one way and another as the British taxpayers do. We are one of the highest charged taxpayers in the West and it is totally unfair and intolerable that we be subject to yet another tax . (S Threadgold)*

*...central government should fund all local council domestic waste and recycling services from the taxation that already exists on nearly everything we buy, i.e. VAT etc, not the council tax payer. Nearly everything we buy is taxed, and nearly everything we buy eventually needs to be recycled or disposed of. (N Hardiman)*

*A key issue for waste management, and the introduction of variable charging, is how to make waste matter to people living in flats, and also frequent movers. Could it be possible to tackle landlords as well as residents? (Cllr T Page, Reading Borough Council, waste seminar)*

**F.94** Another view expressed several times was that the cost of waste disposal and recycling should be passed on to manufacturers, as this would encourage them to reduce packaging and so also benefit the environment.

**F.95** I also received a range of alternative suggestions for meeting the costs of waste; these included adoption of the system operating in some American states, where the householder buys special bin bags which go towards operating the waste collection service, to the system operating in Japan, where the sale of desirable recyclable materials pays for the cost of disposing of non recyclables.

### Adult social care

**F.96** I received many representations about charging for adult social care, many of which raised concerns about the appropriateness of authorities being able to charge for such and ‘life and death’ services but being restricted from charging for less vital services. It was suggested that whether services were liable to charging or not was almost an accident of history and that the whole system should be overhauled, some people were concerned that charging would limit the availability of services to those on low incomes:

*Many services have to be statutorily provided and so, even if people don’t have the means to pay, authorities still need to provide the service to them...there are some*

*services whereby charging would be impossible because the benefit cannot be limited to those who have paid.. it could lead to situations where only the more wealthy members of the community access services...* (Staffordshire County Council).

## Incentives

**F.97** Some submissions suggested that taxation could be used as an incentive to influence behaviour:

*Discounts could be granted on council tax...for households that utilize renewable energy or make their properties more energy efficient. Powers already exist for individual local authorities to vary and reduce the amount of tax chargeable for individuals and/or classes of tax payers. However we believe that a nationally co-ordinated incentivisation towards investing in higher energy efficiency measures should be introduced.* (Restormel Borough Council)

*Charges are easier to justify if local residents accept that they are getting something back in return. For example, congestion charges would be much harder to sell if receipts were pooled nationally rather than being reinvested in local transport improvements.* (Derby City)

**F.98** Around 15 submissions to my Inquiry commented on the basis of the modelling work set out in my December 2005 report. Details of the modelling parameters and figures used in the final report can be found in Annexes A to E.

**F.99** All those who have provided formal submissions to my Inquiry are listed in my final report's Terms of Reference and Acknowledgements. All submissions from organisations are also available to view on the Lyons Inquiry website and in hard copy in the department for Communities and Local Government main library.