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Modernising Local Government Finance:

A Green Paper

September 2000

Department of the Environment, Transport and the Regions

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Foreword
by the Deputy Prime Minister

Our local government finance system is complex. Few people make the effort to understand it. Fewer still succeed.

This is unfortunate, because local government finance is important. It deals with huge sums of money and supports vital services. In considering how to reform it, we need advice from the technical experts, but we also want the views of councillors and people who work for or with local government. Above all, we want the views of those who use and pay for local services. These are the people who central and local government, working in partnership, exist to serve. The local government finance system must deliver for them.

To make the green paper as accessible as possible, we have kept it short and simple. For those who want to understand the detail of our proposals, we have produced supplementary annexes, which can be found on the DETR web-site at www.local.detr.gov.uk

The green paper sets out clearly the aims of a good local government finance system. It explains why we are convinced of the need for reform. On most of the issues dealt with in this green paper (government grant to authorities, control of borrowings, council tax and business rates, fees and charges), we are clear what direction reform should take, but have a genuinely open mind on how far and how fast we should move. We shall not take final decisions until we have considered the green paper responses. We shall publish a white paper next year, setting out our decisions.

This green paper deals largely with England. The Cabinet of the National Assembly for Wales is issuing a separate consultation paper which considers the case for reform in Wales. Responses to both papers will inform future proposals for legislation.

Like any other green paper, this is a Government document. It sets out our views and proposals. But we have had a lot of help from others. The reviews of the revenue grant distribution system and capital finance regime were carried out within the Central Local Partnership. The proposals on the business rate have been discussed in detail with local government and the business community. The green paper also benefits from surveys of the attitudes of local authorities, businesses and council tax payers.

We want to continue as we have started, by gathering views and suggestions from everyone with an interest in local government and its work – educating our young people and supporting the elderly, building sustainable communities, which are healthy, clean and safe, with proper access to transport and jobs. Its impact may not be obvious, but the local government finance system affects the ability of local authorities to deliver in all these areas. The deficiencies of the local government finance system are a shared problem. They need a shared solution. It may not be possible to devise a local government finance system that satisfies everyone, but it will not be for want of trying.

John Prescott

PART 1:
Introduction

The aims of reform

1.1 Local government plays a large and important role. It provides essential services. It plans and shapes communities. It is the champion of local interests. It implements key national policies at the local level. It is a leading partner in efforts to promote sustainable development and to tackle difficult local social, economic and environmental problems.

1.2 In order to deliver such a broad agenda, local authorities need a strong democratic mandate from voters, and the support and involvement of a wide range of local stakeholders. They need a clear forward vision and firm leadership. They need to focus on getting Best Value in all areas. That is why we are promoting radical reform to modernise and reinvigorate local government.

Aims of a local government finance system

1.3 However, local authorities cannot achieve anything without money. So, getting the local government finance system right is important. In the Government's view, the aims of a good system should be to:

- **fund all authorities adequately**. This means getting the overall balance of resources right. We must then allocate grant fairly, taking due account of authorities' differing needs and capacities to finance expenditure from their own resources;

- promote **continuous improvement** in service quality and efficiency in line with Best Value;

- provide a reasonable degree of **predictability and stability**. Authorities cannot plan ahead with confidence if they are subject to large or unexpected variations in grant. Taxpayers and other stakeholders would also like greater predictability and stability;

- balance funding for local government's delivery of **national priorities and targets** with real financial **freedom and responsibility** for local authorities. The Government has a clear mandate to raise educational standards, to tackle crime, and to address other pressing national issues for which local government is primarily responsible. But local circumstances and priorities vary. Authorities need to be able to reflect this in their spending and charging plans;

- be **fair** to those who use and pay for local authority services. The system should ensure that they are fully protected;

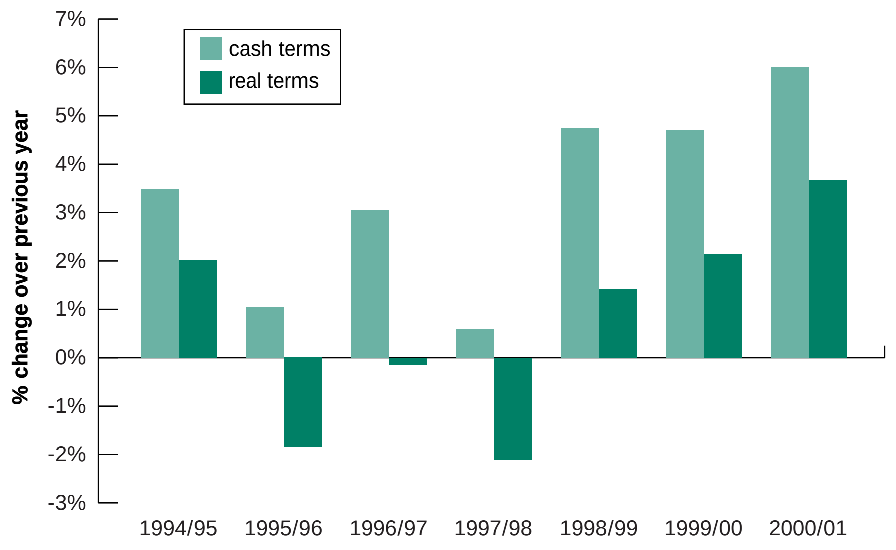
- clarify **accountability** for financial decisions. If council tax increases are excessive or services are underfunded, people should know who to hold to account;
- be **intelligible and transparent** to all stakeholders. There cannot be true accountability unless people understand the system. At present, many do not;
- make **partnership working** easier. Local authorities need to co-operate with one another and with a wide range of public, private and voluntary sector partners to ensure the richness and diversity of provision which Best Value requires. The local government finance system should help, not hinder;
- encourage **consultation**, particularly with local taxpayers.

1.4 Some of these aims reinforce one another. Some are more relevant to some aspects of local government finance than others. Giving local authorities more financial freedom and greater certainty about future funding should help them deliver continuous improvement. Making funding more intelligible and transparent helps clarify accountability. But there are also some tensions between these aims, and balances to be struck. The delivery of national priorities should not be at the expense of local freedom and responsibility. Nor should local freedom be at the expense of fairness to those who use and pay for services.

Progress so far

1.5 In its first three years, the Government has concentrated on the biggest problems – the inadequacy of funding for local government and the lack of any certainty about future funding. The move to three-year spending rounds and the moratorium on changes to grant distribution formulae have produced greater predictability and stability. Chart A shows the annual rate of growth in central government support for local authority revenue expenditure (in cash terms and adjusted for inflation) since abolition of the poll tax. After declining in real terms between 1994/95 and 1997/98, it is now growing by 4 per cent a year.

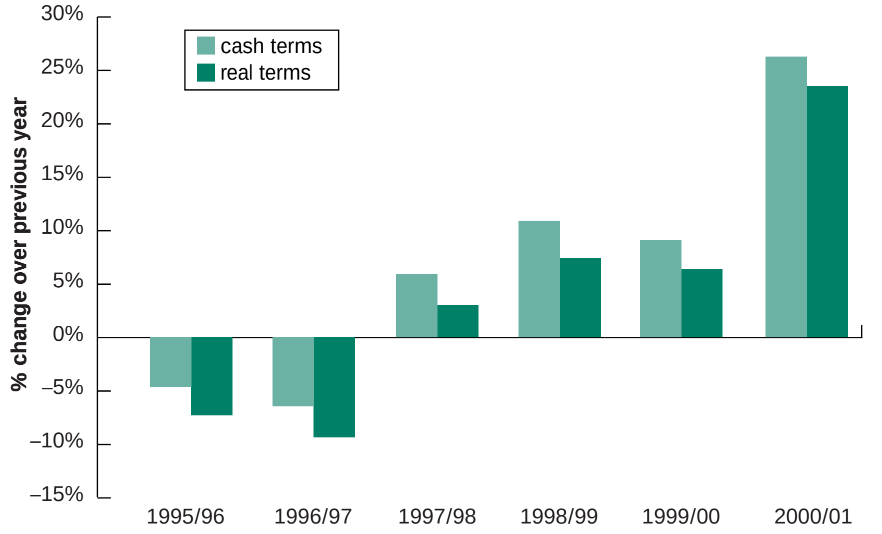
Chart A: **Central government support for local authority revenue expenditure**



Central government support includes revenue support grant, specific grants within AEF and business rates.

Chart B shows the trend in support for capital expenditure.

Chart B: Central government support for local authority capital expenditure



Central government support includes credit approvals, capital grants and PFI credits.
Figures include capital grants to grant maintained and voluntary aided schools.

1.6 The Government has replaced compulsory competitive tendering with the new duty to secure Best Value on behalf of local people. Best Value requires local authorities to deliver continuous improvement in service quality and efficiency. It also gives them much more freedom to determine how to achieve this. We have also replaced the old system of crude and universal capping with new reserve powers, giving local authorities more freedom and responsibility for budgets, whilst protecting council taxpayers from excessive increases.

1.7 Finally, and most recently, we have announced a pilot scheme of local public service agreements (PSAs) which add financial and other incentives to complement Best Value and encourage continuous improvement. Next year we shall extend it to many other authorities, on a voluntary basis. The local PSA will be negotiated between the authority and Government. It will identify the extra contribution the authority is prepared to make over and above its requirements under Best Value to achieve key national and local priorities. In return, the authority will receive greater freedom in the means of delivery and some limited pump-priming funding. The achievement of outcome targets within local PSAs will be rewarded by additional grant of up to $2^1/_2$ per cent of the authority's 2000/01 budget over a three-year period. Local PSAs will be rolled out more widely in 2002/03 if the pilot is successful.

1.8 These are significant improvements. But there is still much to do. The benefits of greater predictability and stability on revenue funding should be strengthened, and extended to capital expenditure programmes and to benefit other stakeholders. The finance system is not well understood. The grant distribution system and capital finance system are particularly complex and opaque. There are many constraints on borrowing and on powers to charge for services. There have been increases in the use of ring-fenced grant and in the number of area-based initiatives. These have delivered results, but at the risk of undermining local authorities' financial freedom and responsibility.

What the green paper covers

1.9 This green paper sets out proposals for change in these areas[1]. It deals with:

- the distribution of general grant;
- the control of capital expenditure; and
- taxes and charges.

In some cases, the right way forward seems clear. In other cases, there are difficult choices to be made. Part seven of the green paper sets out what we see as the key questions.

1.10 The green paper covers what most people think of as local authorities – county and district councils and all-purpose authorities. But it also looks at how the system should deal with police and fire authorities, and with parish and town councils. A separate consultation document considers the case for reform in Wales.

1.11 As well as proposing practical reforms, we want to broaden the debate about local government finance. In the past, this has been treated as a private matter between central and local government, and as the preserve of experts. Getting the right relationship between central and local government is important. It is the focus of the European Charter of Local Self-Government, which a new finance system must respect. But everyone benefits from the work of local authorities. Some people – the housebound or young people in care – depend critically on their services. Providing these services is expensive. The average council tax bill in England is £697. In addition, Government pays grant equivalent to 10 pence in the basic rate of income tax. The business rate contributes £15 billion. Central and local government must take account of the interests and views of those who use and pay for local authority services.

1 Although the aims in paragraph 1.3 apply to council housing finance, the separate and different accounting arrangements, the size of the existing asset base and the continuing programme of stock transfer mean that different solutions may need to be adopted. This paper does not make proposals in respect of the separate Housing Revenue Account (HRA) subsidy regime but identifies particular housing issues arising from the proposed reform of the capital finance system.

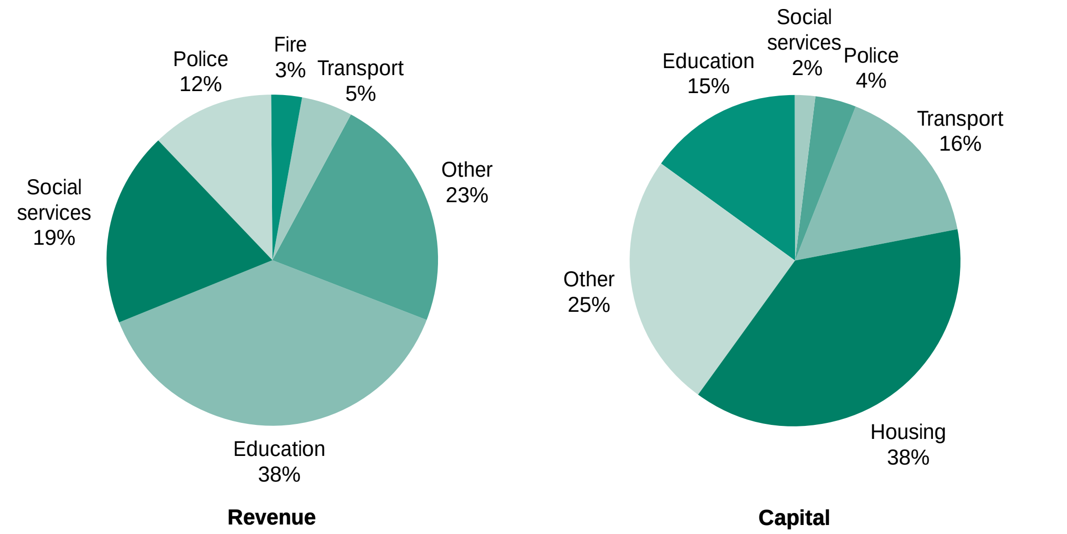
PART 2:

How local government finance works

The pattern of expenditure

2.1 In 1998/99, local authorities in England incurred £56 billion of revenue expenditure[2] and £7 billion of capital investment. Chart C shows what this money was spent on.

Chart C: **Local authority expenditure by service: 1998/99**



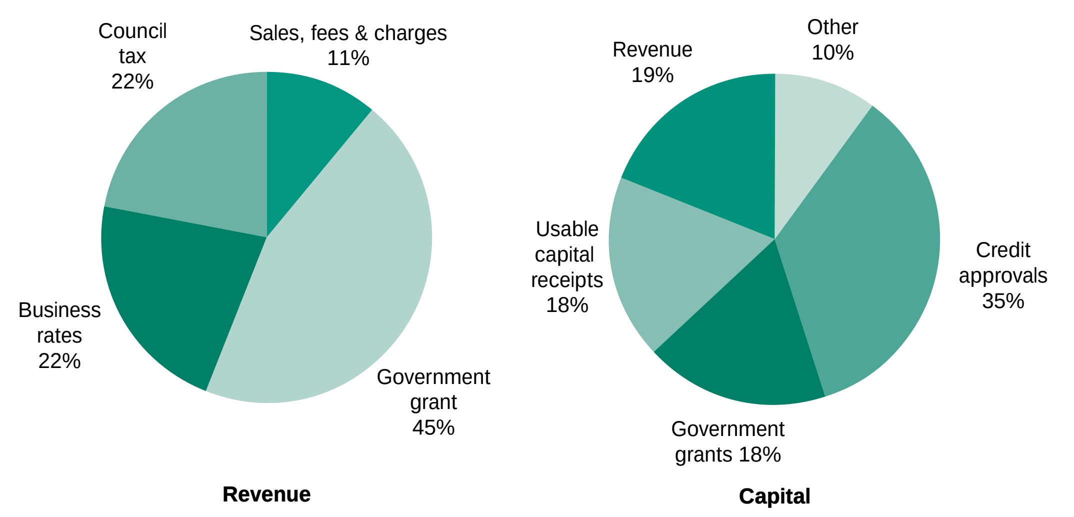
Explanatory notes and data sources for this chart can be found at www.local.detr.gov.uk

2.2 Revenue expenditure covers the day-to-day cost of running an authority and all the services it provides. It covers pay for the teachers, police, fire fighters, social workers, librarians and other staff who are employed by the authority. It covers the cost of running the buildings and vehicles they use. It covers the cost of maintaining parks and roads. It also covers the cost of payments to suppliers where services are contracted out, the cost of grants to bodies which the authority supports and the cost of partnerships in which it participates.

2.3 Capital investment covers large purchases that have benefits over many years, such as the cost of building a new school, road, library, leisure centre or waste-treatment facility. Local authorities can purchase such assets outright, but that is unusual. More commonly, they fund major investments by borrowing or by entering into leasing arrangements or private finance deals. In each of these cases, the capital cost of the new asset is met by a series of payments, spread over many years, which are a call on the revenue account. So, capital investment and revenue expenditure are linked.

2 The revenue figures (both expenditure and central government support) set out in the green paper cover local authority general fund spending and include expenditure financed by sales, fees and charges. They exclude expenditure on/support for council housing for which there are separate ring-fenced accounts. There is no corresponding ring-fence for capital so the figures given cover all capital expenditure/central government support for capital.

Chart D: Local authority income by source: 1998/99



Explanatory notes and data sources for this chart can be found at www.local.detr.gov.uk

Sources of funding

2.4 Chart D shows the main sources from which local authorities fund revenue expenditure and finance capital investment.

2.5 Internal sources account for about a third of their revenue funding. The largest of these is council tax. Others include rents payable to the authority and the fees and charges it makes for some of the services it provides. These are all within the authority's control.

2.6 External finance accounts for the remaining two thirds of local authorities' revenue funding. It comprises:

- An authority's share of the yield from the business rate. Like council tax, the business rate is a tax on property. It is collected by local authorities, paid into a central pot, and redistributed on a simple per capita basis.

- Government grant. The Government provides general grant, which can be spent for any legitimate purpose. The main components are revenue support grant (RSG) and Police Grant. It also provides grant that is ring-fenced for a specific purpose. The largest scheme is the Standards Fund for education, but there are many smaller schemes, eg to deal with asylum seekers or promote regeneration. In 1999/2000, 91 per cent of Government grant was general grant and 9 per cent was ring-fenced.

2.7 Capital expenditure is financed through four main sources:

- borrowing and credit arrangements, on the strength of credit approvals issued by central government;

- central government capital grants;

- spending of usable capital receipts; and

- spending from revenue.

2.8 The balance between internal resources and external funding has been the dominant issue in past debates about local government finance. The Government set out its position very fully in response to a Select Committee report last year. Local authority work has national and local benefits. It is therefore right that it should be supported by national and local taxpayers, by businesses and householders. There is nothing sacrosanct about the present balance, but there is no evidence that shifting the balance would strengthen local accountability or enhance financial freedom. The Government is absolutely clear that the balance cannot be shifted against the wishes of taxpayers.

2.9 In the Government's view, the more serious issues are the balance between general and ring-fenced grant and the extent to which local authorities' revenue expenditure, borrowings, taxes, fees and charges are constrained by legislation or ministerial decision.

Setting revenue budgets

2.10 In its spending reviews, the Government decides how much it can afford to spend, reviews its expenditure priorities and sets targets for the improvements which are to be delivered from additional funding. The spending review determines the total level of general grant to local authorities for the coming three years.

2.11 This grant is then allocated between authorities. The arrangements for allocating ring-fenced grant vary: some schemes use formulae or other rules on entitlement; others allocate funds on the basis of appraising bids. The general grant – revenue support grant (RSG) – is allocated among authorities by formula. RSG bridges the gap between the authority's standard spending assessment (SSA) and the revenue the authority could raise by charging a standard rate of council tax, together with its share of the yield from business rates. If the total amount of business rate available for distribution is higher or lower than forecast, this is offset by a matching adjustment to the total RSG.

2.12 The Government also allocates credit approvals. These determine how much an authority is permitted to borrow. Local authorities are free to fund capital investment from their own resources. But, if they wish to borrow or use other forms of credit, they must by law get a credit approval.

2.13 Local authorities set their budget and council tax in the light of these Government decisions. They have to balance their spending priorities against their internal resources, the grant from Government and what they will be permitted to borrow. The key decision is what services and facilities local people want and what level of council tax they are prepared to pay. This lies at the heart of Best Value. In order to protect local people from excessive council tax increases, the Government has reserve powers to cap budget increases. But this is very much a reserve power. We hope it will not be necessary to use it.

How SSA works

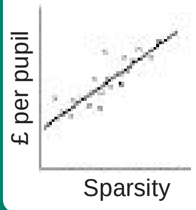
2.14 The SSA plays a key role in the current local government finance system. It is therefore important to be clear what it is trying to do and how it works in practice.

2.15 The original aim of RSG was to allow local authorities to provide a standard level of service for a standard rate of council tax. This is done by constructing SSA formulae which attempt to reflect variations in the cost of providing services, and then making an adjustment to reflect the fact that revenue from council tax also varies, and that the authority gets a share of the business rates.

2.16 In practice, local authority spending levels can vary for three reasons. First, an authority may take a conscious decision to aim for a high or a low council tax or to give one service a higher priority than another, reflecting the judgement of politicians about what local people want from their council. Second, some authorities are more efficient than others. Third, there are factors beyond the control of any individual authority. SSA seeks to identify this last group of factors. It does this primarily by looking for statistical correlations. It assumes that, if there is a strong correlation between the amount that different local authorities spend on a service and a given variable, this suggests that the variable has a real impact on the cost of providing the service.

2.17 The table below shows how SSA is structured and illustrates the linkage to regression analysis. The formula for secondary education illustrates the three main types of variable found in the SSA formulae:

SSA Blocks	Education Sub-Blocks	Formula for Secondary Schools	Statistical Analysis
Education			
Social Services	Pre-School	Pupil numbers	
Police	Primary	Free meals	
Fire	Secondary	Sparse population	
Highways	Post-16	Additional educational need	
EPCS	Adult	Area cost adjustment	
Capital			



- The size of the client population. An authority with 20,000 children to educate or 2,000 miles of road to maintain will inevitably face higher costs than an authority with 10,000 children or 1,000 miles or road. Most SSA formulae are based on a unit-cost approach like this.

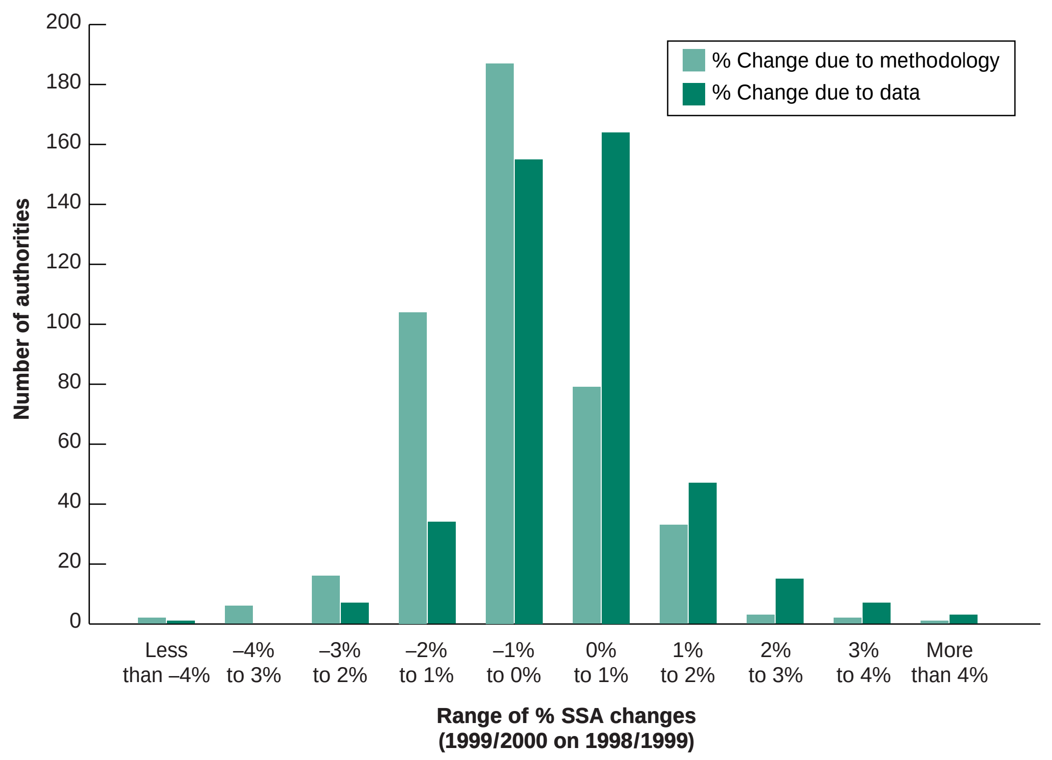
- Input costs. Pay levels vary across the country. So do property prices and rents. These variations in cost are clearly beyond any individual authority's control. They are reflected in the area cost adjustment. The case for this is clear-cut. But quantifying it is more difficult and contentious.

- Variations in the level of input needed to deliver the desired outcome. More staff are needed to provide a given number of meals-on-wheels in sparsely populated areas. Heavily used roads require more frequent maintenance. Children with learning problems demand more attention from teachers.

2.18 The council tax adjustment (referred to in paragraph 2.15) is based on the same principle. It ignores variations in the level of council tax set by different authorities and variations in the collection rate. It is based on the amount that different authorities would collect if they all set the same level of council tax and all succeeded in collecting 100 per cent of the tax due to them.

2.19 The distribution of general grant is determined wholly by the SSA formulae, the council tax adjustment and the authority's share of business rates. There is no scope for varying grant to individual authorities to reflect local circumstances not reflected in the formulae. Up until 1999, the formulae were reviewed annually. Local authorities and Government proposed formula changes. The Government discussed them with local government, considered them, and announced its decisions, which were subject to the approval of Parliament. The data used in the formulae were also updated annually. Chart E shows the increases and decreases in SSA in 1999, distinguishing between the impact of formula and data changes. It shows that the impact of SSA changes on a small minority of authorities is very large. From 1999, the Government introduced a moratorium on formula-changes while we review the grant distribution system, but data is still updated annually.

Chart E: **Range of changes in SSAs due to methodology and data**



PART 3:

Reforming the revenue grant system

The case for reform

3.1 The current grant system has been in place for the last decade. It has a single explicit objective: to ensure that council tax bills of properties in the same council tax band could be the same everywhere in England, if every authority budgeted to spend in line with its SSA. The system has been able to cope with substantial changes in the structure and responsibilities of local authorities. But, like its predecessors, it has also attracted much criticism from local government.

3.2 The objective of the grant system is very narrow, compared with the aims of a good finance system set out in paragraph 1.3. The SSA formulae on which the grant distribution heavily depends are widely criticised as unfair, both by local authorities and other stakeholders. The grant distribution has become increasingly difficult to understand and to explain. Four weaknesses in particular have been apparent:

- it has not, until recently, given authorities much certainty from year to year about the level of grant they might expect. This has hampered and discouraged sensible forward planning for the modernisation of services. Local government has widely welcomed the greater stability it has had since the 1998 comprehensive spending review. The grant system of the future needs to incorporate sufficient stability and predictability as a significant feature, not as an afterthought;

- the current system gives authorities the same amount of grant, regardless of what they are doing to modernise their services. We are piloting local public service agreements as an incentive to provide the better quality, more cost-effective services that Best Value requires, with a focus on outcomes in particular. Likewise, the grant system of the future might include some financial incentives for modernisation;

- the grant system has relied too much on a mechanical use of statistical analysis of spending. It has seldom drawn on wider evidence, or reflected the extent to which patterns of past spending are limited as indicators of patterns of future need. A future grant system might draw on wider evidence, including that available from Best Value reviews and inspections; and

- the present grant system does not apply any fine-tuning to take account of the particular circumstances of individual authorities. Neither the authorities, nor their communities and partners, can use their own assessment of their financial circumstances and plans to influence the level of grant. A future grant system might accommodate such individual cases.

3.3 The present grant system obscures accountability. Ministers are answerable for the overall level of grant and for the method of distribution. But how much an individual authority gets is the result of applying a formula, rather than a specific decision by Ministers in respect of that authority. The system is designed to provide needs-based assessment and avoid individual local authority influence over the outcome. It distances Ministers from the outcome too, since there has been no place for any ministerial decision to depart from the amount the formula determines for an individual authority. This longstanding aspect of the grant system is intended to reflect the nature of the central–local government relationship.

The building blocks of reform

3.4 The Government recognises that there is unlikely to be a grant system that will provide everything that both central and local government might want from it. But in tackling the weaknesses of the present system and delivering as far as possible the aims set out in paragraph 1.3, it is possible to build in several features which, used in combination, can produce a grant system that is both fairer and more transparent. There is further discussion of the features summarised below at annex A.

Predictability and stability

3.5 The Government has already introduced reforms that bring greater predictability and stability to local authority funding. In place of the old annual public expenditure rounds, the 1998 comprehensive spending review introduced two-yearly spending reviews, which set firm funding figures for the two coming years and an indicative figure for the third year. The 2000 spending review has extended the spending review period to three years, including three-year plans for at least 85 per cent of total capital resources provided to local authorities. In future, the Government will also announce the majority of specific grants on a three-year basis together with information on how they will be distributed.

3.6 The Government has implemented a moratorium on SSA formula changes while it reviews the grant system. It has also introduced central support protection grant (CSPG). This guarantees that no authority in England will have its grant reduced from one year to the next, and that authorities responsible for education and social services receive a minimum grant increase of $1^1/_2$ per cent.

3.7 Local authorities have welcomed these reforms and responded positively to them. They have enabled them to strengthen their forward planning. Some have extended the benefit of predictability and stability to schools and other budget-holders and to taxpayers. The Government wants to encourage these trends. There might be advantage in giving individual local authorities more specific indications of the grant they would receive over a three-year period. Where grant is allocated by formula, the formulae could be revised every two or four years (to a timetable aligned with the spending review); client population data could be updated annually, and we could explore with local government the scope for ‘smoothing’ the more volatile data changes.

FLOORS AND CEILINGS

3.8 The CSPG ‘floor’ has also had widespread support. So there might be advantage in making it a permanent feature of the grant distribution system. It might provide that no local authority in England would get an annual increase in general grant that was less than the ‘floor’. This rule could be made to override all others. There might be a good case for a grant ‘ceiling’ under some circumstances too, especially if grant were to be allocated on the basis of authorities’ own assessments and plans.

3.9 ‘Floors’ and ‘ceilings’ might be set for a three-year period, possibly by reference to the Government’s inflation target. The level of the floor would depend on the overall funding available. With continuing economic growth, we would expect to give all authorities a grant increase. But the higher the floor is set, the less is available for distribution reflecting specific local factors.

3.10 Floors and ceilings would ensure that authorities’ grant revenue would not change dramatically as a result of introducing a new grant system. We could also consider other ways of making change to a new system gradual, including measures leading up to the full introduction of a new system. Floors and ceilings could also help local authorities decide what level of borrowing they can prudently sustain. We would need to discuss the detailed design of the scheme with local government.

Other building blocks

3.11 The reforms above can help fulfil our aim of a more predictable and stable local government finance system. But we need to consider how revenue grant distribution can be reformed in line with the other aims set out in paragraph 1.3 as well.

FORMULAE

3.12 Formulae could continue to play a role under any approach to grant distribution. They could be used to distribute general grant in its entirety, as at present, or restricted to allocation of the grant that remained above a floor. New formulaic approaches will need to be easier to understand, avoiding the mechanical application of statistical analysis that characterises the current system. In the future it may also be possible to take account of wider evidence, including the targets which both we and local government are trying to achieve.

3.13 There is a wide range of options for distributing general grant on the basis of formulae. At its simplest, this could be a formula based on the number of people for whom a service is provided (a ‘client indicator’). This could allow for deprivation and higher wage costs. We could distribute a fixed percentage of grant on a client indicator and the remainder on the basis of indicators that are particularly strong in certain authorities – such as urban or rural deprivation (drawing on an approach used in France). Or we could use a wide evidence base to inform the development of fairly complex judgmental formulae (drawing on an approach used in the Netherlands).

3.14 If we retained an approach that analysed what authorities spend, we could develop formulae that distinguished clearly between fixed costs and the costs that vary according to the number of people for whom a service is provided.

3.15 There is no direct interaction between the grant distribution system and the new Best Value regime at present. But this could change. Best Value will generate new, hard data on the cost of providing services and should also result in a convergence of costs among groups of similar authorities. Such data could be used as a check on the validity of grant allocations generated by formulae. In time, it may also be possible to develop formulae based on the actual cost of service provision. Best Value will also generate a body of informed opinion, based on independent audit and inspection, which will enable an assessment to be made of how much an authority needs to improve, and what it would cost.

SAFETY VALVES

3.16 We recognise that any formula-based system is bound to have limitations. We could remedy this by allowing authorities to apply for further funding via a ‘safety valve’ mechanism. This would allow us to pay additional non-ringfenced grant to authorities that appear to be underfunded. They would need to demonstrate that problems such as high council tax levels, low service standards or gaps in service provision, were due to underfunding, rather than inefficiency. To keep the system manageable and focused on the most deserving cases, local authorities might need to meet certain criteria before central government could consider an application for safety valve grant.

SPECIFIC AND OTHER FORMS OF GRANT

3.17 We can also continue to use ring-fenced grant to target resources in a way that the present system cannot. The special grant for asylum seekers targets the money directly where the costs arise. The specific grant to reduce class sizes ensures that schools get the money they need. These are important national priorities, which we pursue on behalf of those who use and pay for local services. New forms of ring-fenced funding may still be necessary where we wish to start or pilot new initiatives. But we will want to ensure that these grants do not proliferate to the point where they seriously erode local financial freedom.

3.18 New forms of funding can also be targeted without being ringfenced. The Neighbourhood Renewal Fund announced in the 2000 spending review is focussed on authorities covering the most deprived areas and the achievement of new targets for education, crime, employment, health and housing in those areas. Authorities will work with new local strategic partnerships to draw up local deprivation strategies spelling out how they will use the additional funding to help renew communities and promote closer co-operation with the police, health and other local services. But the funding itself will not be hypothecated to particular services.

LOCAL PUBLIC SERVICE AGREEMENTS (PSAs)

3.19 Local PSAs link funding to service delivery. Building on the foundation provided by Best Value, they give local authorities financial incentives to achieve stretching targets on a range of outcomes that matter to local people and to the Government. We will run a pilot with around 20 authorities for 2001/02, ahead of a planned wider rollout in 2002/03. As they roll out, they will supply a lot of information about how to incentivise and deliver modernisation. We will be evaluating their success and will want to consider whether incentives can and should be built into the main grant distribution system.

LOCAL AUTHORITY PLANS

3.20 Local authorities are already required to produce a variety of different plans for different purposes, including Best Value Performance Plans (BVPPs) which bring together quality and financial targets for future years. The Local Government Act 2000 similarly requires authorities to develop community strategies which bring together key partners in delivering local sustainable development. The performance targets need to be grounded in the authority's corporate and financial planning framework.

3.21 Such corporate plans might look three to five years ahead and cover all sources of funding, all forms of expenditure and how funding is linked to services. They could also form a basis for consultation on budget and council tax increases and the supplementary business rate. Many local authorities already produce such plans and some best practice was highlighted in last year's Audit Commission report *Planning to Succeed*.

3.22 The information contained in corporate plans could also provide the basis of a case for revenue funding from central government based on the unique circumstances of the individual authority. They would need to incorporate the target outcomes set out in local PSAs and in their BVPPs.

Box 1: An example of a grant system with several discrete elements

The first element would be a floor on grant increases which would, for example, guarantee every authority a year on year increase in grant equal to inflation plus X per cent. There might also be a ceiling which meant that no authority would receive a year on year increase of more than Y per cent.

The second element would be a formula which would determine whether an authority received a grant top-up between the floor and ceiling. The formula might both reflect the local costs of providing local authority services and the resources which the authority had at its disposal. The costs formula would be based on the number of people for whom a service is provided with top-ups for factors like deprivation and labour costs. It would be established on a judgemental basis in the light of Best Value information and other evidence on unit costs. If the formula calculation gave an authority more grant than the floor, the authority would receive a commensurate top up.

The third element would be the voluntary local PSA. The Government would pay incentive grant when authorities met their targets (or milestones to those targets). In a mature system, an authority regularly achieving new stretching targets could expect to get some incentive grant every year.

The fourth element would involve Ministers exercising discretion in individual cases over a financial top-up grant or 'safety valve'. Authorities could apply for this if they felt that other elements of the grant system did not provide adequate funding for the standard of services to which they aspired. Consideration of an authority's case could be based on an assessment of their corporate planning proposals.

A fifth element would be the continued use of ring fenced grants to finance activities which are a national priority or which are distributed unevenly between local authorities.

Options for reform

3.23 We have identified several different potential components of a new revenue grant distribution system: formulae, floors and ceilings, local PSAs, safety valves, targeted grant and corporate plans. We need to consider which of these building blocks we put together to create a coherent revenue grant distribution system that delivers our aims.

3.24 In principle, each of these components could operate separately – starting with the application of floors and ceilings, followed by a formula, and then adding a safety valve and targeted grant. Incentives would be built in through local PSAs. Or we could try to create an 'all in one' package by considering corporate plans framed between an all-encompassing floor and ceiling. Boxes 1 and 2 give examples of such packages. There could be many variations on them.

3.25 How we put these ideas together will determine how we clarify accountability for grant decisions. If we continue to use formulae derived from regression analysis of historic expenditure alone, then there will be no scope for using discretion. A more judgemental approach to formulae could allow some discretion, but this might not be sufficient to take account of local variations in performance.

3.26 Safety valves would also allow Ministers to take some account of the circumstances of individual authorities. If authorities plans were to be considered in the round by central government then grant could be tailored to local circumstances and to authorities' plans for dealing with them. But such a change to a plan-led system (as in Box 2) would represent a significant shift in the relationship between central and local government. It might be preferable to meet paragraph 1.3's aims without such a far-reaching shift, by adding safety valves, targeted grant and local PSAs onto formulae that were simpler and more intelligible than SSA.

Box 2: An example of a plan-led system

The Government would need to draw up clear guidance on the production of corporate plans and on how they would be appraised in consultation with local government. It might well require local authorities to show what they would do if they secured a 'floor' increase in grant and what additional benefits they could deliver if they secured a 'ceiling' increase or a point in between.

In appraising plans, the first priority would be to ensure that authorities have sufficient funding to meet the net cost of maintaining existing services, implementing their local BVPPs including meeting national top-quartile Best Value targets for improving services and reducing costs. The Government would need to be satisfied about the realism of authorities' cost and revenue forecasts without becoming embroiled in the detail.

Once these first calls on funding had been met, local authorities' additional spending proposals would be considered.

The Government would be willing to consider different types of funding proposals.

Proposals might be made to tackle problems arising from historic underfunding; for service improvements or efficiency gains that Best Value reviews indicate are achievable but constrained by current resource levels; or to meet local demand for new or improved services or facilities.

Obviously, not all proposals would be affordable. No local authority would get a grant increase above the 'ceiling' and some would have to make do with an increase at or close to the 'floor'.

The final decision on an authority's increase would ultimately be a matter of judgement. Councils would have the opportunity of putting their case to a minister face-to-face before ministers made their grant allocation recommendations to Parliament. Authorities would receive an informal debriefing and formal statements of the reasons for the grant decision.

The corporate plan would also include key outcome targets and be used to recognise and reward their achievement.

Extending the existing SSA 'freeze'

3.27 The three-year moratorium on SSA formula changes is due to end in 2001/02. But the earliest possible date for introducing a new regime backed by legislation would be 2003/04 and such legislation would need to be judged against other priorities. This points to an extension of the moratorium to 2002/03 while we concentrate on building a better system with local government. We would welcome views on this.

Explaining revenue grant distribution

3.28 We are clear that we will need to do more under any future approach to grant distribution to explain the system and the decisions it produces to authorities and other stakeholders. This is not an issue for the Government alone. We need to work together with local authorities to make revenue grant distribution more intelligible.

PART 4:

Capital investment and borrowing

Why capital finance matters

4.1 Some local authority responsibilities demand substantial expenditure on investment and maintenance. Transport, schools and housing are obvious examples. Many local authority assets suffer from past under-investment and not enough has been spent on maintenance. At the same time as they tackle the legacy of the past, local authorities need to invest in the future. This means having assets which can support new and improved forms of service delivery. This might include, for example, taking advantage of the opportunities created by advances in information technology. We are starting to address these issues by:

- increasing revenue grant;
- backing additional local authority capital expenditure; and
- promoting private finance deals and other forms of partnership working.

The case for reform

4.2 The present capital control system was introduced in 1990. It is largely concerned with setting the scope and limits for financing capital expenditure by borrowing. At the heart of the system is the credit approval. Local authorities need a credit approval issued by Government before they can borrow (or enter into any other long term financing arrangement which spreads the cost of a project over a number of years).

4.3 The system's main strength is that it protects those who use and pay for local services from local authorities running up unsustainable debt levels. However, it seriously erodes local freedom and responsibility. This is because it prevents local authorities from carrying out additional borrowing funded from their own resources, such as council tax or council house rents. It has encouraged an artificial distinction between capital and current resources, sometimes preventing good value 'spend to save' schemes from going ahead. Moreover, when schemes <u>are</u> funded by credit approvals, the revenue costs of repayment and interest are largely supported through increased government grants, so the investment is seen as a 'free good' without long term consequences for local taxpayers. The system has recently been extended to make partnerships with the private sector easier, but only at the cost of even greater complexity in the legislation.

A new approach

4.4 In the Government's view, the present capital control system blurs accountability, limits local financial freedom and has become an obstacle to effective capital investment. We need a new regime where local authorities no longer have to get government approval before borrowing, but which protects taxpayers and promotes partnership working. It should enable local authorities to consider revenue and capital solutions on an equal footing, so that Best Value will be what counts. It should secure much greater local ownership of all spending proposals. A vital part of reform would be greater consultation with the community about the council's investment plans and a clear understanding and debate locally of their long-term financial implications.

4.5 The system also needs to take account of the Government's concerns. The Government does not have to exercise the direct and rigid controls implied by the current regime. To the extent that Government needs to intervene to ensure that national priorities are met, it can do so through the way it allocates support and through other mechanisms such as Best Value. However, the Government does need to consider the effect of local government activity on the economy – for example, to ensure that a rapid increase in local government borrowing does not disrupt it.

4.6 A new approach would have three central elements:

- the Government would set a limit on the rate of increase of individual authorities' debt. This would avoid any initial surge in aggregate spending as local government adjusts to the new system. We do not see this as a permanent arrangement, but the precise length of the transitional period would depend on the Government being satisfied that authorities were demonstrating a prudent approach to investment. The Government would continue to monitor local government's capital plans and might, exceptionally, reimpose limits on increases in debt if national economic circumstances demanded it. We would also have a reserve power to restrict the right to borrow freely for individual authorities which did not operate local prudential regimes effectively, were not delivering Best Value or failed to consult voters and local stakeholders;

- there would be a core set of prudential indicators for which local authorities would set their own ratios, e.g. of debt to revenue, working within a centrally agreed framework. These local prudential indicators would help make clear the impact of capital expenditure proposals on the revenue account over time and allow performance in managing investment to be monitored and assessed; and

- the regime would be backed up by the fundamental principle of the balanced budget requirement (enshrined in legislation) and accounting codes (which also have the force of law).

Further details of how this new prudential approach would work are in annex B.

Government support for capital investment

4.7 Under a prudential system a local authority would not need any form of Government approval to borrow for capital investment. However it would still come to Government when it wanted its support in meeting financing costs. Supported borrowing would probably still account for the majority of local authority investment. Central government would continue to decide in spending reviews how much investment in individual programmes it would support.

4.8 Ministers would need to be able to exert sufficient influence on supported investment to make sure that national as well as local priorities continued to be met. They would continue to have ways of assessing how local authorities were using investment to support delivery of key service objectives and outputs. Although the new 'single capital pot'[3] would end as a capital allocation mechanism, the underlying approach would continue. This way it would deliver the same key benefits, namely to:

- encourage a cross-cutting approach to use of capital assets, both across services and working with partners;
- provide a means of consulting partners and the local community in developing a longer term approach to capital investment;
- provide a joined up approach by Government to decisions on allocations of capital resources;
- promote effective procurement and maintenance of capital assets, including partnerships and outsourcing where appropriate; and
- provide an element of performance incentive for local authorities, while ensuring that end users in poorly performing authorities are not penalised for their council's shortcomings.

4.9 These objectives could be achieved under either a plan-based or a formula-based approach to revenue grant distribution. They are consistent with Best Value and a local PSA performance framework. The allocation of support for capital investment under a plan-based approach would be handled in the same way as support for other types of expenditure, on the basis discussed in part 3 (see paragraphs 3.20-22). Corporate capital strategies would be subsumed within the corporate plan, as might some existing capital bid documents or plans. Asset management planning for education and other local authority land and property would continue.

4.10 Under a formula-based revenue grant distribution system, the Government would continue with the new arrangements it is developing for the single capital pot. The difference would be that the allocation process would provide direct support rather than follow automatically from allocation of credit approvals. Capital strategies and asset management planning would continue and we would continue to allocate support through the pot on the basis of a combination of service formulae plus an element of discretion. As with credit approvals, support could either be generalised or specific. We would of course maintain our commitment to move towards delivering the bulk of central government support for capital investment through the single pot mechanism.

3 A cross service allocation mechanism for central government capital support to local authorities.

4.11 Because revenue support may change over time, authorities do not know for certain what the total value of the Government's contribution to a particular capital project or programme will be. Similarly, where the Government supports borrowing, it does so at a standard rate, taking no account of the nature of the investment. A further option, which might address these concerns would be to replace revenue grant funding with up-front capital grants. These could be allocated using either plans or the single pot process.

4.12 Again, recent experience with the private finance initiative has shown that the present arrangements do not work well with more flexible, modern approaches to procurement. This is because they fail to recognise the higher up-front procurement costs or the length of the contract. If an authority borrows to make improvements that will yield long term savings, it may need bridging financial support till the savings come on stream, but it would not need long term support. We will need to consider these as part of any reform of the system.

4.13 If credit approvals are abolished, the present receipts taken into account (RTIA) system will also go. However, new arrangements for allocating support could still take account of an authority's ability to generate receipts. We will consult the local authority associations about this in due course.

4.14 Separate considerations apply to investment in council housing, which is financed through housing revenue account (HRA) subsidy. We will need to consider the implications for the distribution of this revenue support if we no longer issue credit approvals. We will also need to consider other housing issues that might arise from the reform of the capital finance system. These issues will be taken forward in discussions between the DETR and the local authority associations. We will follow this with detailed consultation, as the future shape of the capital finance system becomes clearer. We will continue to support capital expenditure on housing other than that owned by the council (such as private sector renovation grants) through general revenue grant.

Partnership and private finance

4.15 Local authorities can secure investment directly in the traditional way, through a range of partnerships or via private finance. Some local authorities are keen to work in partnership with the private sector or with other public sector bodies to secure Best Value for those who use and pay for local services. They recognise that they would be acting contrary to the interests of the local community if they failed to take advantage of the fact that a partnership with another body could provide a better service at a lower cost. But this view is not universal. Other authorities retain a very proprietorial attitude to services, believing that they should be provided in-house whatever the benefits of partnership with others whether in the private sector or other public bodies. This is inconsistent with the Government's view that authorities should plan positively for diversity – diversity of both provision and provider. Strategic partnerships with others are one of the ways by which the step-changes in performance that local people expect can be secured. But the Government recognises that it will not achieve this merely by restricting the funding available to authorities and thereby forcing them to seek partners. If we are to maximise investment in public services it will be important that all sources of potential funding are explored positively and imaginatively.

4.16 Best Value is designed to encourage such an approach, principally through the reviews that authorities are required to undertake. We will shortly be consulting on proposals to remove some of the remaining obstacles to partnership working, and are considering what other incentives might be needed to promote the new investment in services that modernisation requires. The new capital finance regime has a key part to play. Until private finance achieves more general acceptance, there is a case for continuing to provide ring-fenced grant to remunerate private finance deals. Existing private finance commitments will, of course, be fully taken into account when future levels of revenue support are determined but there may need to be a reserve power to restrict the right to borrow freely for authorities which are not serious about securing Best Value, have not developed proper local prudential regimes or are failing to consult voters and local stakeholders.

PART 5:

Taxes and charges

Introduction

5.1 The aims of a good local government finance system (see paragraph 1.3) apply equally to the taxes which support local government expenditure (the council tax and business rate) and to fees and charges. They must be fair and should be understood by those who pay them. There should be clear accountability for the tax or charge, and proper consultation when significant increases are proposed. Predictability and stability of yield are important to authorities funded from the taxes and charges; they are equally important to those who foot the bills.

5.2 Taxes and charges are not just a way of raising revenue. For example, car park charges may be a key tool in a local transport plan. In the same way, business rates could be used to promote regeneration. But when considering options for using taxes in this way, it is important to avoid over-complicating the tax system or introducing new unfairness.

Council tax

5.3 The council tax was introduced in 1993. It replaced the community charge, which in turn replaced the domestic rate. The council tax combines the features of the earlier taxes. Like the domestic rate, it is a tax on houses, flats and other dwellings. For council tax purposes, properties are placed in one of eight valuation bands, based on their value in 1991.

5.4 In the white paper *Modern Local Government: In Touch with the People*, we said that the council tax is working well as a local tax. It has been widely accepted by taxpayers and is generally very well understood. The banding system makes tax bills predictable and stable. While there are always opportunities for improvement, there are no fundamental problems that need urgent attention. The Government has no plans to change the council tax system in this Parliament but one issue that can be considered now to improve the fairness of the tax is the introduction of a fixed cycle for council tax revaluation.

5.5 Properties are revalued for business rates every five years, but there is no fixed revaluation cycle for domestic properties. In *Modern Local Government: In Touch with the People* we concluded that the current council tax valuation base remained broadly acceptable and was likely to remain so for the next few years. However, we are interested in views on whether there should be a statutory revaluation cycle for council tax as well as for business rates. This could make the tax fairer and more predictable. Revaluations might take place every six, eight or ten years to complement the business rate revaluation cycle (see paragraph 5.37).

5.6 Council tax levels should largely be a matter for local authorities as they have to answer to their voters. That is why the Government abolished crude and universal capping – a heavy-handed tool for telling councils how much they could spend. In its place, we have introduced reserve powers to protect council taxpayers from excessive increases. The Government has no plans to remove or amend these powers.

5.7 Most local authorities have responded well to the new freedom and responsibility. Consultation of local taxpayers about local tax and spending decisions has increased. The Government wishes to encourage this and will work with the local authority associations to devise guidance on good practice in consulting taxpayers.

5.8 In shire areas, county councils account for about 80 per cent of the council tax bill. But bills are issued by district councils. Taxpayers may blame steep increases on the district council, rather than the county council. If so, this seriously undermines accountability. The solution could be to make county councils responsible for billing and collecting council tax. If this happens, they should probably also take responsibility for collecting the business rate. The Government invites views on the advantages and disadvantages of these reforms, including the likely costs of the changes and their implications for administering housing and council tax benefits. We would also welcome suggestions for other ways to make council tax bills more transparent to the taxpayer.

5.9 The national taxpayer bears part of the cost of council tax increases in the form of higher council tax benefit payments. Council tax benefit subsidy limitation (CTBSL) was introduced so that local authorities making steep council tax increases should meet part of the escalating benefit bill resulting from their decisions. The Government sets a guideline increase in council tax, which is currently 4½ per cent or (if greater) the authority's SSA increase.

5.10 The Government is satisfied that CTBSL is justified in terms of accountability, but it is a complicated system and its purpose is widely misunderstood. Some authorities appear genuinely to believe that CTBSL is 'capping by the backdoor', rather than a mechanism for sharing the costs of council tax increases sensibly between national and local taxpayers. If grant is distributed by formula, there is no practical reason why CTBSL should not be retained in broadly its present form. CTBSL would need to change under a plan-based grant distribution system, and we would need to reconsider the case for retaining it.

Power to vary the business rate

5.11 The business rate is paid by those who occupy business and other non-domestic property. Each property has a rateable value, which represents its assumed annual rental value. The amount paid is based on a national rate per pound of rateable value, which currently stands at 41.6 pence in England (this is known as the 'national rate multiplier'). Legislation says that neither the multiplier nor revaluation can be used to increase the total yield from the tax by more than inflation.

5.12 In the white paper, *Modern Local Government: In Touch with the People*, we said we would give local authorities limited freedom to vary the business rate in their areas. They could offer rebates on the national rate, provided they fund the difference. They could also set a supplementary rate, to be used in agreement with local businesses. We have consulted business organisations and local government on how to implement these proposals. Annex C sets out the detail.

5.13 The annual increase in the supplementary rate will not exceed 1 per cent of the national rate paid by the businesses affected. The maximum supplement will be 5 per cent, though we propose to review this after 5 years. If the scheme has worked well, Parliament can be asked to extend it, by raising the maximum level of the supplement, though not the 1 per cent annual limit. If it needs fine-tuning to make it work better, it can be amended. If it has not worked well, it will lapse. The onus is very much on local government to demonstrate that the supplementary rate is mutually beneficial.

5.14 The supplementary rate may be restricted to part of a local authority or to a specific group of ratepayers. So may the local rebate. High-performing authorities might be permitted to levy a higher supplementary rate in specific areas, provided the businesses concerned agree. The freedom to vary the business rate in parts of a local authority could be helpful in dealing with urban renewal. The supplementary rate could fund town improvement schemes – see paragraph 5.30 below. The rate rebate could help attract firms into deprived areas.

5.15 The supplementary rate is not intended to substitute for council tax, but to fund additional expenditure, agreed with local business. To give effect to these principles, we need to establish a formal link between the supplementary rate and council tax, and we invite views on how this should be constructed. We also need a mechanism for securing the agreement of business. Our proposals on this are:

- No authority will be able to levy the supplementary rate until it has established a 'Partnership Arrangement'. This will bring together business representatives in a forum tailored to reflect local circumstances. It should cover the whole of a local authority area.

- The Partnership Arrangement should be endorsed by a majority of all ratepayers in the area. Ministers may exceptionally grant a dispensation from this requirement, e.g. where there is a low response from ratepayers.

- Funds raised by a supplementary rate would be retained by the council for use on projects agreed with ratepayers through the Partnership Arrangement. If agreement cannot be reached, the money will be surrendered to the national rate pool for redistribution to all local authorities.

5.16 The Partnership Arrangement should be as simple and flexible as possible, placing minimal burdens on both local firms and local authorities. But it should also be fully representative of all the different business interests within each area. Our proposals in annex C aim to do this, but we would welcome comments on how to simplify the mechanism while keeping it fully representative.

5.17 The Partnership Arrangement provides a means of consulting business on a wider range of issues, beyond agreeing how the supplementary rate should be spent. It also creates a forum for discussing the budget-setting process, community planning, Best Value and the modernisation agenda. Recent DETR research confirms that there is considerable scope for improving relations between local authorities and businesses. The Partnership Arrangement should facilitate this. We would therefore encourage authorities to establish informal Partnership Arrangements in advance of the legislation needed to introduce the supplementary rate.

5.18 The Partnership Arrangement should involve police or fire authorities and local councils where appropriate. In two-tier areas (the counties and Greater London), there would be a single Partnership Arrangement (covering the district council or borough) to agree a shared supplementary rate.

5.19 For the sake of fairness, we propose that an average of all supplementary rates across England should be levied in respect of properties on the central rating list (mainly utility and communications networks). This would be paid into the national pool for redistribution to all authorities in the same way as the national rate.

5.20 We also propose to take reserve powers under which we could require ‘rate-rich’ authorities (those which collect considerably more in business rates than in council tax) to pay a proportion of their supplementary rate income into the national pool for redistribution among all authorities.

Rate reliefs

5.21 The following paragraphs deal with rate reliefs for small firms, for businesses in rural areas and for non-profit making bodies. Rate reliefs can help ensure that the business rate is fair, because it is a larger burden (as a proportion of turnover or profit) for small firms than for large ones. They can also further other goals, such as helping businesses vital to local communities.

5.22 However, rate reliefs complicate the tax system and make it harder to understand. The benefit of the rate relief may also be eroded over time, if rents rise to offset the reduced rates bill. Rate reliefs also have a cost. Mandatory reliefs, which are given automatically to all qualifying ratepayers, are funded by the national taxpayer. For discretionary reliefs, granted by local authorities, the national taxpayer bears 75 per cent of the cost and council tax payers the remaining 25 per cent.

5.23 So we would monitor any new rate reliefs, to ensure that they are properly targeted, deliver real benefit and do not place undue burdens on those who pay for them.

5.24 We said we would consider introducing rate relief for small firms at the same time as the supplementary rate. We propose that there should be relief of 50 per cent for all properties with rateable values up to £3,000. This should be gradually reduced for properties with higher values. There would be no relief for properties with rateable values above £8,000. Annex D provides more detail.

5.25 It is sensible to target the relief at small firms (as opposed to small properties), but without making the rules too complicated. Some types of property (e.g. advertising hoardings and telecommunications masts) could be excluded from the scheme altogether, since they are clearly not small firms. In other cases, we might take into account whether the company occupied a single property, or look at its turnover or number of employees. We would welcome views on the effectiveness of such tests and on how firms should demonstrate that they meet the criteria (e.g. by reapplying annually to local authorities).

5.26 Unlike other rate reliefs, we propose that other ratepayers, rather than the general taxpayer, should fund this scheme. We estimate that such a scheme would add less than a penny to the national rate multiplier (see paragraph 5.11) for other businesses.

5.27 In **rural areas**, an existing scheme provides 50 per cent mandatory rate relief for the sole village shop or post office in a designated rural settlement, with rateable values of up to £6,000. It gives councils discretionary powers to top this up to 100 per cent. It also allows authorities to grant 100 per cent discretionary relief for other small businesses in such areas, with rateable values up to £12,000. We should welcome views on whether certain other village businesses should be eligible for mandatory relief, on the same terms as the sole shop or post office. Candidates include other food stores, village pubs and petrol stations, particularly where they provide other community services such as cashpoints or access to internet links. In August we issued a consultation paper on relief for horse enterprises on farms. Annex F gives more detail on rural rate relief.

5.28 Lastly, we seek views on whether:

- the rate relief for small businesses should also apply to non-profit making bodies such as sports clubs (see annex E);
- the 1989 guidance on discretionary rate relief for charities and non-profit making organisations should be reviewed to promote a more consistent approach by local authorities.

Local taxes in urban areas

5.29 The Urban Task Force report recommended that rate relief should be granted to small retailers in deprived urban areas. The proposed small business relief will apply throughout England, including deprived urban areas. We would welcome views on whether anything more is needed in such areas.

5.30 The Urban Task Force also recommended that town improvement schemes (see paragraph 5.14) should be placed on a statutory footing, to enable local businesses to work with councils to fund improvements in urban areas. Voluntary schemes already exist, but businesses that choose not to contribute can also benefit from the improvements. The supplementary rate would provide one mechanism for funding such schemes, ensuring that all ratepayers in the area contributed. Other funding mechanisms for town improvement schemes are also possible, such as a free-standing statutory scheme, separate from the rates, which would allow more flexibility, involving contributions from other players such as property owners. However, it would risk duplication of effort if a supplementary rate scheme were also in place. We would welcome views on alternative ways of funding town improvement schemes.

5.31 The Urban Task Force report also recommended that we allow a system of tax increment financing in deprived urban areas. This would allow authorities to retain additional council tax and business rate income resulting from successful regeneration. The funds raised would be used to maintain the quality of the area. This would provide councils with an incentive to encourage regeneration in these areas. The Government is interested in the proposal that a local tax re-investment programme could be set up, perhaps limited to a number of small areas for a specified period. Annex F presents a possible scheme. We would welcome views on it.

5.32 Annex F gives more detail on urban local taxes.

Review of revaluation

5.33 Every non-domestic property is assigned a rateable value based on its assumed annual rental value. To keep tax bills fair and up-to-date, properties are revalued every five years. The last revaluation took effect on 1 April 2000, based on 1 April 1998 values. While the total amount collected remained broadly constant in real terms, some individual rate bills increased or decreased significantly. Since predictability and stability are important to business ratepayers, the Government has implemented a self-financing transitional relief scheme. This sets ceilings on the amount by which business rate bills may increase, the cost of which is borne by setting similar limits on the amount by which business rate bills may reduce.

5.34 We have recently reviewed the basis on which revaluations take place. The full report of the review of revaluation, which involved officials from central and local government and business representatives, is at annex G. We accept the recommendations of the review of revaluation that there would be no great advantages in pursuing banding or blunting for rates. We propose, as the review recommended, to bring forward the announcement of the outcome of the future rate revaluations, so ratepayers have more time to prepare for their new liability. They will also be more involved in the valuation process, through ratepayer panels. We intend to decriminalise the penalty for non-return of statutory forms requesting rental and other information. We will also consider extending the period allowed for completion of these forms to 56 days. We would welcome views on these proposals, which complement the conclusions of the recent five-yearly review of the Valuation Office Agency. This recommended that the Agency should take the lead in moving away from the current practice of relying on appeals to arrive at acceptable valuations by taking steps to ensure that its valuations are ‘right first time’.

5.35 There are a number of points on which the review did not reach firm conclusions, but which need to be settled. On these, we conclude that it is essential to start by establishing the principle that there should be no subsidy from taxpayers generally. This means that transitional relief (TR) schemes should be self-financing. The Government does not see a good case for asking ordinary taxpayers to subsidise business ratepayers. There are various mechanisms that can be used to make TR self-financing – a supplement on the multiplier, or the equal phasing of decreases in bills as well as increases. There is also the option of not having any TR scheme, so all businesses bear the costs of their own rate liabilities. We are attracted to a TR scheme that ensures all ratepayers are paying their full liability by the end of the scheme, though this will mean higher annual increases for some ratepayers than the present English TR scheme. We welcome views on the possible structure of a fully self-financing TR scheme.

5.36 On the same principle that non-domestic ratepayers should not be subsidised by other taxpayers, we propose that the multiplier should be adjusted to take account of actual losses on appeal. Current legislation provides limited flexibility, requiring an estimate of future losses to be made at the time of revaluation, but no scope for recovering any additional losses if this estimate is too low. This can result in permanent loss of yield, as happened during the 1990 rating list, though the estimate of losses from the 1995 list has so far proved to be accurate. We therefore propose amending the legislation to allow further adjustments to the multiplier in subsequent years, if the initial estimate of losses proves to be incorrect.

5.37 As for revaluation cycles, we have invited the views on the possibility of having a fixed cycle for council tax (see paragraph 5.5). If this were introduced, there would be advantages in aligning this with the cycle for business rate revaluations. This could be achieved by a cycle of six, eight or ten years for each, with one or the other being revalued every three, four or five years. Since the Government bears the cost of revaluations, it is ultimately for Government to decide how frequent they should be. Nevertheless, views are invited on what the cycle should be.

5.38 There is a lot of secondary legislation on non-domestic rating. Many regulations take the form of amendments to previous ones. This can make the legislation difficult to follow for ratepayers and their professional advisers. We therefore intend to consider the consolidation of these regulations.

5.39 Most ratepayers have their rateable values assessed by the Valuation Office Agency of the Inland Revenue using conventional methods. However, certain industries – in the transport and utility sectors – have their rateable values prescribed by the Secretary of State. We intend to end prescribed assessment by the time of the next revaluation. Considerable progress has already been made toward using conventional methods to assess the valuations that were prescribed for the last revaluation.

Valuation tribunals

5.40 Valuation tribunals (VTs) provide an essential service, hearing appeals against valuations for business rates and against valuations and liability for council tax. The administration of VTs is being rationalised in line with recommendations by the financial management and policy review of the service, which reported in March 1999. This has involved the establishment of a non-statutory management board and 14 administrative units to support the 56 independent VTs in England.

5.41 While these changes have the general support of the VTs, some are concerned that there is no specific statutory backing for the reorganisation. Establishing the management board and the 14 administrative units as separate non-departmental public bodies (NDPBs) would be a cumbersome arrangement, so the Government believes that establishing a single

NDPB is the best way to formalise the new and more independent administrative structure. Under such an arrangement, the individual VTs' judicial roles could continue to be protected in legislation. Our detailed consideration of this issue can be found at annex H.

Fees and charges

5.42 Local authorities in England currently raise £6.2 billion through fees and charges, including sales. This amounts to 11 per cent of income from all sources. In its report last year, *The Price is Right?*, the Audit Commission drew attention to the importance of fees and charges both as a source of revenue for local authorities and as an instrument of policy. It identified some examples of good practice, but found that in general local authorities rarely managed their charges well. There was little evidence that policy priorities or systematic planning drove charging policies.

5.43 Under Best Value, charging is an important option which authorities should explore when reviewing discretionary services. They should therefore develop corporate charging policies, consult on them locally and keep them under review. We also intend to make regulations under section 150 of the Local Government and Housing Act 1989 to enable authorities to charge for discretionary services provided under statutory powers, including those to promote the well-being of their areas. We will consider in the light of consultation whether additional powers are needed to issue statutory guidance on charging, taking into account what can be done using Best Value and well-being provisions. In the longer term, the Government will review its policy on charges for mandatory services.

5.44 Congestion charging is a good example of charges being used as an instrument of policy. Local authorities will have the option of introducing road user charges and a levy on workplace parking where new charges can help to tackle traffic congestion as part of a Local Transport Plan. Every penny of the net proceeds will be retained locally and ring-fenced for improving local transport for at least 10 years. We expect the necessary enabling legislation to receive Royal Assent in autumn 2000. The Government is already working with local authorities that are interested in making use of these new charging powers. We will issue guidance in due course.

5.45 Annex I sets out in more detail the Government's proposals for dealing with the deficiencies that the Audit Commission identified both in local authorities' use of their existing powers to charge and in their freedom to charge.

PART 6:

Different services and authorities

Introduction

6.1 With two important exceptions (parish councils and housing), the local government finance system has tried to adopt a standardised approach to the funding of different types of service and different types of local authority. We need to consider whether this is right. This chapter looks at how the local government finance regime treats:

- education and social services responsibilities;
- police and fire authorities;
- shire district councils;
- parish councils; and
- housing responsibilities.

Education

6.2 Education is the largest area of local government expenditure. It is also a vital national priority. Raising educational standards is the key to economic success and to tackling many social problems. For this reason, education deserves its place as a key priority at local level too. The fact that many authorities provide higher levels of funding than that indicated by education SSA alone underlines the priority which is given to it.

6.3 The Government believes that local authorities should continue to play a major role in the planning and delivery of high quality education. It does not feel that it would be appropriate for the Government to determine individual schools' budgets from the centre. But the role of local authorities has changed significantly over recent years. Schools have been given more responsibility and have become directly accountable for their performance and the delivery of high standards of education. The Government believes there should be greater clarity about the respective roles of Government, the local authority and the school. It considers that there is a strong case for amending the finance system so that it better reflects these responsibilities.

6.4 The existing system is based on the principle that local authorities should be entirely free to determine how much they spend on education; how much within that total they delegate to schools; and how they allocate funding between schools. Local authorities are also free to determine what they spend on other educational services. The current funding system provides no direct means by which the Government can meet its manifesto commitment to increase education spending as a proportion of national income, or by which it can ensure that schools secure the funding they need to raise standards. Nor does it reflect the changes that have seen financial responsibility and accountability for delivery passed to schools. Schools are now the key unit of delivery for education, and changes to the funding system should reflect this.

6.5 Under the current system, the Government has relied on indirect pressure on local authorities and the use of increased ring-fenced funding for specific purposes, such as the literacy and numeracy strategies, to achieve its goals. These measures have achieved considerable success in terms of encouraging local authorities to pass funding through to education and promoting continuous improvement. However, if this were to be carried to its logical conclusion, with greater proportions of the budget being allocated through the Standards Fund, this would not only reduce accountability at local level but would also prescribe the budget at school level in a way which would be undesirable.

6.6 There are three key issues which the Government believes need to be addressed:

- how best to ensure that funding is properly matched to the separate responsibilities of local authorities and schools;
- how best to ensure that the funds allocated by central Government for education are used for that purpose; and
- how to ensure a fair allocation of funding between authorities and between schools within authorities to reflect pupil needs.

6.7 On the first issue, the Government believes that identifying separately the aggregate funding for schools at both national and local level would enable parents, teachers, heads and governors to see what level of expenditure on schools the Government has planned for each year. The Government believes that the best way forward is to assess and separately identify the resources which it believes should be devoted to schools on the one hand; and the resources required by local authorities on the other. Funding for authorities would support their direct responsibilities in education, including:

- special needs co-ordination;
- making sure that every pupil has a school place;
- support for school transport;
- services for the under fives; and
- the Youth Service.

Such resources would of course be augmented by funding from, for example the Learning and Skills Council for adult education and community learning and separately from Government for the Connexions[4] service. This separate identification of budgets would recognise the reality of the current roles and responsibilities in the school system.

6.8 The next issue is how to ensure that resources intended for schools reach them. There are two main options discussed in paragraphs 6.9 to 6.13.

6.9 The first option would be to ring-fence the whole of expenditure for schools through a legal requirement on local authorities to allocate the resources identified by central Government to schools. There are two ways in which such an arrangement might be implemented:

- first, the Government might set a minimum expenditure level, which local authorities were required to allocate to schools, but which they could increase by setting a higher council tax or re-prioritising within their total budgets; or

- the whole cost of schools might be met from Government grant, ring-fencing it wholly from other local authority services.

Either of these arrangements would ring-fence school budgets and require legislation. They would guarantee that schools would receive all the funding intended for them and enable schools and parents to have a clearer framework for forward planning.

6.10 But there are arguments against ring-fencing, too:

- it could weaken local accountability and democracy and encourage some local authorities to give less attention to their proper responsibilities for strategic planning and quality improvement in schools;

- it could erode local authorities' financial responsibility and freedom;

- it could lead to weaker co-ordination between education and other local services which make a difference to schools and families; and

- it might create pressure for ring-fencing of other services.

6.11 An alternative option, which would not involve a legal duty on authorities to pass on a given level of funding, would instead be based on transparency around schools funding. Under such a system, the funding intended for schools' delegated budgets and for other local education authority responsibilities would be separately identified by central Government as described in paragraph 6.7. Authorities would be required to give their council tax payers and schools a full account of money delivered through spending assessments and through special and specific grants both for schools and for authorities' own service provision; with an indication of the proportions funded through national Government and locally-raised finance; and a comparison with the previous year.

4 The Connexions Service will be progressively introduced from April 2001. It will provide guidance and support to all young people aged 13–19, primarily through a network of Personal Advisers linking in with specialist support services. The key aim will be to enable all young people to participate effectively in learning.

6.12 Such transparency would assist in ensuring local accountability for decisions on funding taken by authorities as it would greatly improve clarity and would put pressure on local authorities to pass on in full the assessments for school budgets. The Government believes that this option would also be more likely to lead local education authorities to continue to add their own resources to the level of funding indicated by central Government.

6.13 In view of the potential difficulties set out in paragraph 6.10 associated with legal ring-fencing, the Government believes that there is a strong case for introducing a system based on transparency as set out in paragraph 6.11. However, the Government would be prepared to legislate to introduce a legal requirement on authorities to pass on funding to their schools if insufficient progress were made through a system based on transparency.

6.14 The third key issue set out in paragraph 6.6 is the need to ensure fairness, on the one hand in the distribution of aggregate resources for schools between local authorities, and on the other, in the distribution of resources between schools within authorities. Some ideas for general revenue grant distribution reform are discussed in part 3. But particularly powerful representations have been made indicating disquiet about the fairness of the distribution of grant for schools between authorities and there is a strong case for reform of the distribution of grant at this level.

6.15 Schools funding could be based on a simpler and more transparent formula. This might comprise a basic entitlement per primary or secondary school pupil, plus enhancements for schools and pupils in authorities where significant deprivation adds to education costs; and a separate enhancement for areas where schools need to pay more to recruit and retain staff. The level of these enhancements would be decided following analysis of evidence about variations in pupil characteristics, cost and achievement, rather than as in the current system by regression analysis against past expenditure. The advantages of such an approach would be greatly increased transparency compared with the existing SSA system; and a system which would be acknowledged as fairer. In introducing such changes, it would be necessary to ensure that no authorities' schools lost in real terms, but that those who are disadvantaged by the current system were subject to levelling up to a fair amount of funding per pupil.

6.16 Under any of these options, the Government would wish to retain the mechanisms for allocating specific grants for specific purposes to help with key programmes of change such as the literacy and numeracy strategies; or to address specific deprivation or need, as with the Excellence in Cities programme.

6.17 Responsibility for allocating funds between schools should remain at local level with the authority and its schools working together. Local stakeholders best understand what variations in funding are needed: it is not possible to devise a national formula that reflects every variation in local need. But the Government intends to work with local authorities and other stakeholders to secure greater simplicity in the Fair Funding formulae and ensure that the needs of deprived pupils are properly addressed through the allocations to schools and hence to the pupils they serve.

Personal social services

6.18 Many of the same arguments apply to personal social services (PSS), local government's second largest expenditure programme. Social services provide vital support to a wide range of people, including disadvantaged children, those with physical and learning disabilities and frail older people. Social services need to work in partnership with other agencies in order to deliver effective services. This is so not only in relation to other local government services such as housing and education but also, crucially, in relation to the NHS. Along with the NHS, social care has a high priority in the Government's plans for reform and modernisation. It is important to note that local authorities provide more resources for social care than is indicated by PSS SSAs. However, unlike education, social services does not have a uniform model of delivery.

6.19 Nevertheless it is important that developments in local government funding arrangements keep in step with developments in the organisation of health and social care. The Government has recently published its NHS Plan which heralds ever-closer joint working between the NHS and social services. In particular, it introduces the concept of Care Trusts. The Trusts could go beyond the partnership arrangements sanctioned by the Health Act 1999, such as the pooling of resources to secure integrated service delivery. They would be able to commission and provide health and social care services for particular clients such as older people or those with mental health problems, with structures that reflect this expanded role. As with education, there would need to be sufficient transparency in the funding that supports such service delivery. The Government will be considering how a reformed local government funding system can best support the new integrated arrangements in health and social care.

Police and fire authorities

6.20 Police and most fire authorities differ from other parts of local government because they provide a single service and because they are not directly elected bodies. Policing is based on 'tripartite governance', which gives statutory responsibilities to chief officers, police authorities and the Government. The aim is to strike the right balance between operational autonomy and accountability to national and local politicians with a democratic mandate. Police authorities have a mix of local government and other members. The constitutions of fire authorities vary, although all consist entirely of locally elected members. Police authorities, in particular, need to work in close partnership with other local authorities to tackle crime in the community and other cross-cutting local problems. Emergency services, including the ambulance service, need to co-operate on operational issues and are, increasingly, sharing facilities and pooling expertise.

6.21 In deciding the right approach for police and fire authorities, we shall want to take account of their views as well as those of other respondents to this green paper. But we are clear that most of the aims of a good local government finance system, in paragraph 1.3, apply just as strongly to police and fire authorities as they do to other bodies. In particular, the system needs to:

- provide adequate funding without recourse to excessive demands on their funding authorities or council taxpayers,
- promote continuous improvement,
- deliver national and local priorities,

- deliver greater predictability and stability on future funding, and
- be fair and free of perverse incentives.

6.22 Responsibility for financing policing in Wales is shared with the Welsh Assembly. We will take account of the Assembly's views in the review.

Shire district councils

6.23 Shire district councils represent over 50 per cent of all local authorities in England, but account for less than 5 per cent of local government expenditure, excluding housing. They are smaller than 'upper tier' authorities, with less staff resource to devote to corporate management and planning. To the extent that it is meaningful to distinguish between national and local issues, the work of district councils tends to have a more local focus. We need to consider whether the local government finance system in general, and the grant distribution system in particular, should be tailored to meet their needs. For example, if grant distribution were to take account of plans, it would be difficult for Ministers to give personal attention to the proposals of all 238 shire district councils.

6.24 The balance between the costs and benefits of 'safety valve' and local PSA schemes would also be different for shire district councils. We need to consider whether plan-based grant distribution, 'safety valves' and local PSAs can be tailored to encourage genuine partnership working as well as to ease the workload on both district councils and on Government. We also need to consider whether separate funding formulae could be designed to take account of the particular needs and circumstances of district councils. A more radical approach – and in the Government's view, an extremely challenging one – would be for the shire district councils to design and administer the formula themselves, working within a pre-determined grant total.

Parish and town councils

6.25 There are around 8,000 town and parish councils – the 'local councils' – in England. Their budgets range from under £100 to over £1 million. This reflects an equally wide variation in their roles. Some play a very modest and very local role. Others have a role scarcely distinguishable from that of a district council. They also vary in terms of the strength of their democratic mandate. Some elections are fiercely contested, but there are also councils where co-option is the norm.

6.26 In general, the existing financial regime for local councils works well, and prompts few complaints from the councils themselves, from their taxpayers or their billing authorities. However, there are concerns about whether the regime gives adequate freedom to the larger councils or provides adequate protection for their taxpayers. At the other end of the spectrum, there are concerns that the audit regime for smaller councils may be too oppressive. As part of our fundamental review of the local government finance system, we wish to promote a debate about the funding of parish councils. We want to establish whether there is scope to improve their financial regime, to make it more responsive to the current needs and future aspirations of the councils and of those that use and pay for the services which they provide. In particular, we want to consider whether it is right to persevere with a single financial and audit regime covering all local councils. Annex J to this green paper looks more closely at potential reforms and invites views about them.

6.27 The future role of parish councils in contributing to effective local governance in rural communities will be considered further in the forthcoming rural white paper. Consultees may wish to consider the proposals in that paper alongside this one before responding.

Housing

6.28 The Government believes that the present arrangements should continue with local authorities accounting for expenditure on their stock in a housing revenue account (HRA), and keeping a clear separation between their HRA and their General Fund. A ‘ring-fence’ was introduced in 1990 to avoid cross-subsidy between housing and other functions of the authority, and to improve the efficiency of the housing function.

6.29 The arguments for retaining the HRA ring-fence are as strong now as they were for introducing it in 1990. Most other local authority services are funded through council tax and central government support for the benefit of all local taxpayers. However housing is provided directly to a relatively small sub-group of local taxpayers – council tenants – and funded by the rents they pay and by central government subsidy. Cross-subsidisation would be seen as inequitable to both council tenants and local taxpayers.

6.30 Furthermore, the Government’s proposals to introduce resource accounting to the HRA strengthen the rationale for the ring-fence. Particularly the requirement for authorities to:

- produce HRA business plans;
- introduce the Major Repairs Allowance which will be paid into the HRA to enable authorities to maintain the value of their housing assets; and
- end the statutory transfer of overall surpluses from the HRA into the General Fund.

By encouraging a more efficient asset-based approach to the management of council housing, the proposed resource accounting system is consistent with *Modern Local Government: In Touch with the People*.

6.31 Other housing services provided by local authorities, in particular help for homeless households and grants for improvement to poor condition private sector properties occupied by low income households, will continue to be financed through authorities general funds and supported by general revenue grant. The reform proposals in this document will have implications for the resources available to meet these types of housing expenditure.

PART 7:

A new approach to local government finance

7.1 We are clear that we need a new approach to local government finance. We are also clear on some of the key requirements of this new approach.

7.2 We must continue to ensure that local authorities are adequately funded. Our first two spending reviews have put local government finances on a sounder footing. The new grant distribution systems would allow the Government to consider the adequacy of funding for individual local authorities in a way that is not possible now.

7.3 We need to clarify accountability by drawing clearer demarcation lines between those decisions which are for Government and those which are for local authorities. Only the Government can take responsibility for deciding how much grant authorities receive. In doing so, it is entitled to ensure that national priorities are met and that there are adequate incentives for continuous improvement in support of the duty of Best Value.

7.4 But Government has also become embroiled in decisions that could and should be left to local authorities. The abolition of credit approvals would remove an unnecessary constraint on borrowings. Similarly, there is scope for much greater local authority freedom on fees and charges.

7.5 The new capping powers illustrate how greater financial freedom for local authorities can be combined with proper protection for those who use and pay for local services. Consultation with local people must be an integral feature of the new local government finance system – on council tax increases, on the use of the supplementary local business rate and on the long-term revenue implications of capital investment decisions.

7.6 We can deliver greater predictability and stability for general grant by giving individual local authorities the same three-year settlements that Government departments get. Local authorities, in turn, must be prepared to extend the benefits of greater predictability and stability to other stakeholders. Schools and other budget-holders are entitled to know their budgets set in advance. Taxpayers would welcome more advance warning of council tax increases.

7.7 This green paper sketches out a new and more realistic relationship between central Government, local authorities and other stakeholders. But it also raises a number of questions. In particular:

Reforming the revenue grant system

(1) Under future approaches to grant distribution, what can be done to explain the system and the decisions it produces to authorities and to other stakeholders?

(2) How do we strike the right balance between predictability and stability of funding and the need to take account of changes in local authorities' circumstances? In particular, how should floors and ceilings be set?

(3) What can local authorities do to extend the benefits of predictability and stability to schools and other budget holders, to community partners and to council taxpayers?

(4) Should we extend the moratorium on SSA formula changes, to allow time to put a new grant distribution system in place?

(5) Should we introduce more judgement into the formulae used to distribute revenue grant?

(6) Should we introduce 'safety valves'? How should they work?

(7) Should the grant distribution decision take account of local authorities' own plans?

(8) If plans are taken into account, what more can the Government do to reassure authorities that it will give due weight to national and local priorities?

Capital investment and borrowing

(9) Should we abolish the requirement that local authorities need Government permission to borrow?

(10) Are the safeguards that we have proposed sufficient to protect national and local taxpayers, and to promote private finance deals and partnership working?

(11) How can we ensure that local people are properly consulted about investment plans and understand their long-term financial implications?

(12) How should we allocate revenue grant to support capital investment?

Taxes and charges

(13) Should there be a statutory revaluation cycle for council tax?

(14) How can council tax bills be made clearer?

(15) Do our proposals for implementing the supplementary rate provide adequate safeguards for local business, whilst being reasonably simple to operate?

(16) What are the merits of the specific suggestions for business rate reliefs and for a local tax reinvestment programme? Do they risk making the tax too complicated?

(17) Do our proposals on business rate revaluation secure greater predictability and stability for the stakeholders? Are they fair? Are they workable?

Different services and authorities

(18) Education

- How can we ensure that funding is properly matched to the separate responsibilities of local authorities and schools?
- How can we ensure that the funds allocated by central Government for education are used for that purpose?
- How can we ensure a fair allocation of funding between authorities and between schools in authorities to reflect pupil needs?

(19) Should we have a single local government finance system for all authorities? Or should it be customised for police authorities, fire authorities, parish or district councils?

Further comments

(20) Are there any other measures we should take in pursuit of our aims as given in paragraph 1.3?

Sending us your views

This green paper seeks your views on the Government's aims and proposals for modernising local government finance in England.

We invite responses by Friday 8 December 2000. Please let us know if you wish your response to remain confidential.

Send written responses to:

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PART 8:

Annexes to the green paper

The ten annexes to this green paper are listed below. They can be found on DETR's website at www.local.detr.gov.uk. If you would like a paper copy of any of these annexes, please contact Kate Cassidy at the address given in Part 7, or ring 020 7944 4056. The annexes in bold below (Annexes C, D, E, F, H and J) contain further questions for consultation.

Annex A: Reforming the revenue grant system

Annex B: Capital finance – a possible prudential system

Annex C: Supplementary business rates

Annex D: Rate relief for small businesses

Annex E: Rate relief for non-profit making sports clubs

Annex F: Local taxes in rural and urban areas
This annex picks up on three Urban Task Force recommendations with local tax implications:

- using the local business rate supplement to fund town improvement schemes;
- whether small firms in deprived urban areas should receive greater rate relief than small firms elsewhere; and
- consultation on proposals for a new local tax re-investment programme.

It also gives options for extending the current rural rate relief scheme.

Annex G: Report of the review of revaluation of non-domestic rates
Part 5 of the green paper sets out how we intend to take forward the review of revaluation. The annex contains the review group's report.

Annex H: Formalising valuation tribunal administrative change

Annex I: Local authority fees and charges

Annex J: Parish and town councils