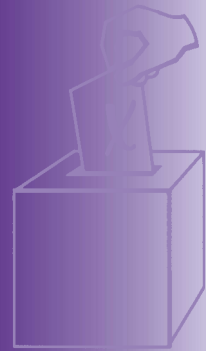




Service Quality



Participation

Summary

Council Tax Consultation: Guidelines for Local Authorities

Introduction

These guidelines are designed to assist local authorities in consulting the public on council tax and budget issues. Consulting the public on council tax can be difficult – these guidelines seek to address those difficulties. Drawing on the experience of local government to date, this guide provides practical advice on developing a strategy, choosing a consultation method, coming to a judgement and providing feedback to taxpayers.

The Department commissioned researchers to produce these guidelines, which are based on in-depth interviews with officers and members in ten local authorities and a review of relevant literature on this issue. The case study authorities were selected to reflect a range of characteristics: experience of consulting public on council tax and budget issues; type of local authority; political control; and, geographic location.

This summary outlines the different methods and issues that local authorities should consider when designing their own individual approach to council tax consultation. The full guidelines can be found on the ODPM website at www.local-regions.odpm.gov.uk

Why Consult on Local Finance?

The public now expects to be consulted over such issues in a way that it perhaps did not before. Consultation does not remove your responsibility for making the final judgement about spending and what level of council tax to set. The feedback you receive from consultation will inform your decision-making not replace it.

The reality is that many councils are already good at consulting on a range of issues so a more systematic approach to budget consultation should be within your grasp. What is needed is a sustained and strategic approach to improving consultation over budget and council tax setting.

Consultation over budget and finance matters is likely to become more important in the future as the public becomes more demanding

Public attitudes are changing: increasingly people expect to be informed and consulted about how services are going to be run and how their money is going to be raised and spent.



Finance



Management



Regions

Consultation has become a normal part of the way that local councils do their business and should apply to budget-setting as much as other issues.

Steps have been taken to encourage participation as a key feature of local policy initiatives stretching from the service review processes of Best Value through to the commitment to neighbourhood renewal. Whilst there is a lot of good consultation practice out there, it seems that approaches tend to be more advanced in general policy areas of local councils, when compared with consulting on council tax.

Consultation needs to reflect a sustained strategic approach not a knee-jerk reaction to political contingencies.

All local authorities do communicate basic information about the budget and many do undertake special initiatives in consultation from which we have drawn lessons. But much of what is done on consultation appears to reflect particular political contingencies. Commitment to consultation should be part of a sustained strategy, managed with careful preparation and analysis, rather than on an ad hoc basis.

Why consulting over finance is hard but not impossible

Local finance is a complex area. Every council visited during the research commented on the difficulties involved in consulting over budget matters. It is these difficulties that make the challenge of consultation over budget-making distinctive:

- **People don't know enough**

There are some concerns about whether the public can understand the technicalities and the choices around budget-setting. We believe that information at the right level and communicated effectively is the key to successful consultation in budget making – even more so than in other areas.

Local authorities must consult on what they consider to be workable options for their budget. It is not to hand over decisions to the public without

proper forethought. The public should not be required to become experts on local finance, but instead be given the opportunity of making choices within a framework informed by the political and technical judgement of their local authority.

- **The timing and lack of proper information makes consultation very difficult**

The essence of the problem is that to consult earlier in the budget cycle gives people a greater chance to influence a range of priorities, but less certain information about the level of resources that are going to be available to the council.

There are two ways of at least beginning to address the problem. The first is to consider your consultation in two stages: one a wide set of discussions about priorities for different services, the second that looks to determine the overall size of the spending cake by making the adjustment between the need for additional local resources in the context of taxpayers' willingness to pay. The second is a more long-term response to the issue but one urged on local authorities by the 2001 White Paper¹, namely a move to better year round financial management systems.

- **Our structures create a recipe for public confusion when it comes to consultation about budgets**

What is required is clarity about roles. There is no easy way to overcome issues of overlap given the complexity of our governance arrangements but it may well be possible to develop complementary roles for councils at various territorial levels and for councillors performing different functions within a council.

- **All that happens when we consult is that the 'usual suspects' shout loudly for more resources for their service or area**

There is a danger that consultation exercises can play into the hands of special interests and may produce results that distort rather than enhance local democracy.

The response to this concern is to develop a strategy that involves a variety of consultation

¹ Strong Local Leadership – Community Public Services, DTLR, 2001 <http://www.local-regions.odpm.gov.uk/sll/index.htm>

techniques (including techniques that do not rely on a large degree of self-selection by participants) to ensure that the full range of public opinion is tested.

- **The culture for this level of intense consultation over budgets is just not present either among the local authorities or the public**

Some argue that consultation is just too difficult and demanding given the current position of their local authority. Our response, developed throughout the guidelines, is: don't try to run before you can walk, develop a strategy, do training, learn the skills and give the public time to come on board.

Developing a strategy

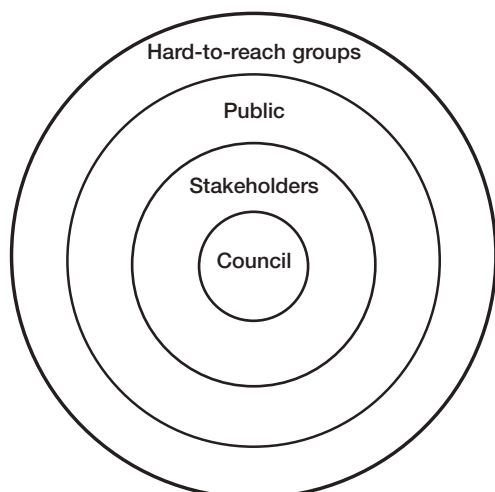
Consulting over budgets should be one part of the council's wider consultation strategy. Authorities may find it helpful to consider the following issues when developing a strategy best suited to their own individual circumstances.

- **What is the purpose of the consultation?**

First, an authority must decide how open the process of budget-setting should be and the extent to which the public are to be involved. The authority needs to be clear about which choices and options are going to be presented to the public and ensure consultees have sufficient time and scope to consider those choices.

- **Who are the targets of your consultation?**

One way of thinking through your consultation strategy is to view your target audience as a series of expanding boundaries.



First: stakeholders that you already have a relationship with. They might be business, voluntary or community groups who attend your current consultation forums or who are engaged with the council as grant receivers, key partners or providers of services.

Second: those that do not get regularly involved a chance to consider the budget options faced by the council. If the budget choices you make are going to have maximum legitimacy then consultation that reaches beyond stakeholders and the "usual suspects" to the general public should be considered.

Third: hard-to-reach groups – these groups may struggle to get involved or are difficult to attract to consultation events – the frail, elderly, young people, some ethnic minorities and so on. There are various ways in which these hard-to-reach groups can be reached.

The section on *Developing a Dialogue* indicates which methods it is appropriate to use to consult these different target groups.

- **When should you get people involved?**

We propose a two-stage approach. The first would begin very early in the budget cycle (May- June) in which broad priorities and possible directions are discussed. The second stage would come to the fore from November and December of each year and run on for several months. This is when information about the state of the funding that is going to be received can be more precise, the levels of expenditure undertaken in the existing financial year are clearer and information about options can be more fully expressed. At this stage, authorities can consult about details of at least part of the budget.

- **Who should lead the process?**

The consultation strategy should be owned throughout the organisation: there must be champions at various locations within any authority. There is need for the political leadership of the council should have ownership of the consultation agenda and take a prominent role in seeing it through. Councillors with an overview and scrutiny role should be aware of what is being proposed and should ensure that any consultation fits in with the broader strategy.

Communicating about local finance

'Local government has been historically weak at communicating with the public' MORI Review of Communications in Local Government, DETR, 2001

This is a sobering assessment. Yet it is probably true to say that more effort has been put into communication² in the last few years than previously. Despite this, it appears that there is a significant difference in the performance of councils in this area. Below we list the main principles that should be considered when designing a communication strategy:

- Be clear what is on offer.
- Be ready for conflict.
- Define the audience(s).
- Recognise the mixed nature of your communication targets.
- Avoid jargon.
- Pilot to help ensure success.
- Use a variety of outlets.
- Ensure you have corporate commitment to the strategy.

Developing a dialogue

There is general agreement that consultation over council tax and budget matters should involve deliberation by the public and stakeholders. The point of consultation should be to enable people to have the space and the opportunity to reflect on the choices that the budget process presents to them.

The case studies revealed a range of approaches used to consult people on council budgets. With quantitative surveys, the more representative the approach is, the better it is at reaching the general public – and there are ways of ensuring that hard-to-reach groups are involved. With qualitative and deliberative methods, the type of people consulted depends on the approach taken to “recruiting” participants. The range of consultation methodologies from which an authority can choose is discussed in detail in the annex to this summary.

Referenda – putting decisions out to the public

So far three councils – Milton Keynes, Croydon and Bristol – have used referenda to test public opinion about council tax levels and associated packages of service spending. There are four broad phases to the referendum process:

- communication and awareness raising
- setting the referendum options
- conducting the referendum
- reviewing the results

1. Communication and raising awareness

The first task, having decided to go for a referendum, is to inform the public of the key issues in the budget debate.

2. Setting the referendum options

Decisions on the options are political choices made by councillors. Without political ownership and leadership this form of consultation is not possible. At a minimum, political groups controlling the council have to be ready to implement any option that the public might pick in a referendum.

A considerable amount of officer time is also required to identify the impact of possible change in service budgets. Much effort needs to be made to ensure that the budget options are as real as possible to individual households.

3. Conducting the referendum

There are important practical choices to be made when conducting a referendum:

- Voters can be given the opportunity to express both a first and second preference – or first preference only.
- People may be given the option of voting on the internet, as well as by post or by telephone.
- There is a range of ways to generate publicity (including radio adverts, posters, feature articles, etc), so this needs to be targeted.

² The ‘Connecting with Communities Toolkit’ will be published on 3 July – this will provide detailed guidance on communication for local authorities and will be available at www.idea.gov.uk/knowledge.

4. Reviewing the results

In most cases, turnout for budget referenda has been higher than that for local elections. There is some evidence that the range of options offered is a significant factor, with a wider range provoking a higher turnout.

It is important to consider, and make clear to the public, how the results will be reviewed before the referendum takes place. What happens if there is no outright majority? This situation had been anticipated in Milton Keynes and so the council had indicated prior to the referendum that votes for the higher still tax option would be added to votes for the middle option. The votes for the two higher options added together to over 70%.

Strengths and weaknesses of referenda

Below, we list some of the strengths and weaknesses of the referendum approach, based on the case studies. These are discussed in more detail in the full guidelines.

People are engaged – there is evidence that a budget referendum can become widely discussed in the local area.

People appear to make a considered judgement – challenging the notion that people will always vote for the lowest option.

Costs are considerable – so the choices presented must be significant.

A referendum is potentially undermined by the complexities of central funding for local services – this complexity makes some feel that it is not possible to present the public with a meaningful choice.

A referendum can achieve residents' "buy in" to a political decision – it can give members the opportunity to explain their budget plans to the public, and gain a specific mandate for these.

A referendum can be a transparent way of allowing the public to state its preference – where the Council leadership is offering a real choice to residents, and consciously not expressing a preference.

The result can influence how successful the referendum is perceived to have been – for example, where the results show polarisation among the public, and not a consensus.

More engaged residents – one outcome of a referendum can be better informed residents and/or an improved relationship with residents.

Coming to a judgement and providing feedback

Asking stakeholders, the general public or hard-to-reach groups about your budget proposals represents a great challenge. However, consultation is only part of a process of decision-making to which the end goal is the setting of the budget and the delivery of services that meet the needs of the local population. Councils need to consider three factors so that consultation exercises are brought to a successful conclusion and are able to be run on a sustained basis year after year:

1. Coming to a Judgement

Consultation is about providing councillors with more information in order to help them come to a judgement. Even where there is a referendum that is, in practice, binding there has been a prior process of political judgement about what options are acceptable to be put before the public.

The information provided by consultation provides a more systematic and informed base on which the judgement of the council can rest.

2. Balancing responses

There are no set rules on how to balance stakeholder and other opinions. However, it is important to remember that stakeholders, the general public and hard-to-reach groups may express very different preferences when consulted and that each form of opinion has its own strengths and weaknesses. For example, stakeholders are likely to be more familiar with the council and can present an informed set of reflections on your budget proposals. But they equally are likely to protect their own interests and perhaps defend past budget commitments.

Another dilemma is how to balance the views expressed through deliberative and representative approaches to consultation. Deliberative forms of consultation, that usually involve relatively small groups of people, allow participants to come to an informed view. At the same time, it is important to consider the representativeness of the results. Surveys that are large enough to be representative tend not to allow much reflection, so results from these two broad approaches may well differ.

3. Feedback

It is vital to feedback the results of the consultation to the public. One broad choice to make is whether you are feeding back what you have learnt from different sources, or rather what you have decided in the light of the consultation exercises you have undertaken. The latter strategy is probably the one that should be adopted.

In effect, your commitment to feedback takes you back into the next round of consultation over the budget.

Further information

The Guidelines – and this Summary – were drafted by Professor Gerry Stoker of Manchester University, with Warren Hatter and Nicholas Gilby of the MORI Social Research Institute. It is based on evidence gathered from a series of case studies carried out by MORI and the Institute of Local Government Studies at Birmingham University.

The full guidelines are available from:

The Office of the Deputy Prime Minister
Publications Sales Centre
Camberton House
Commercial Road
Goldthorpe Industrial Estate
Goldthorpe
Rotherham
South Yorkshire
S63 9BL

Tel: 01709 891318
Fax: 01709 881673

For further information on the research or more copies of the summary, please contact:

Demelza Birch
Local and Regional Government Research Unit
The Office of the Deputy Prime Minister
Eland House
Bressenden Place
London
SW1E 5DU

Tel: 020 7944 4123
Fax: 020 7944 5183

e-mail: demelza.birch@odpm.gsi.gov.uk

ANNEX

Tools for dialogue over Council Tax

Consultation Techniques	Assessment
Quantitative Surveys	<i>Surveys take a ‘snapshot’ of opinion</i>
Opinion surveys	<p>Generally speaking, the more representative the approach is, the more costly it is. Postal surveys give you findings from a rather self-selecting sample, but this approach tends to be least expensive. In-street surveys (which tend to exclude the less mobile) and telephone surveys are also possible. Face-to-face, in-home surveys are usually the most representative because they go out of their way in include people who would not self-select – but in-home surveys are the most expensive. An opinion survey is only useful if you get the questions right.</p>
Surveys of Citizens’ Panel members	<p>Members of local authorities’ Citizens’ Panels are a resource for an enormous range of types of consultation. However, most Panel surveys are postal, so we are focusing on this technique.</p> <p>Panels usually consist of a fairly good cross-section of the population (although councils often over-state how representative they really are). This makes panels very suitable for “dipstick” surveys to help you understand the overall priorities of a broad cross-section of residents.</p> <p>With careful questionnaire design, you can take advantage of the fact that panel members often grow in knowledge and understanding of the local government issues, because of their interaction with the council. This makes it possible to survey them on specific budget options.</p>
Qualitative Techniques	<i>Qualitative research digs “below the surface”</i>
Focus Groups	<p>One approach is to get an external company to “recruit” small groups of people from particular backgrounds or areas to engage them in a moderated discussion. Some councils recruit people for their discussions, sometimes from their Panel. An incentive is usually advisable to ensure that people attend.</p> <p>This approach can be especially helpful in reaching those groups whose voices are seldom heard – particularly visible minorities such as BME residents and young people.</p> <p>A programme of focus groups can never be representative – although this claim is sometimes made! Rather, it enables you to explore the reasons for people’s views. In discussion on specific budget options, there can be a deliberative element.</p> <p>The interpretation of judgements and opinions of focus groups is not straightforward – and this should be taken into account.</p>
Deliberative Approaches	<i>Deliberative approaches enable people to take account of relevant information in forming an opinion</i>
Community Workshops	<p>Workshops are the most common deliberate approach. The expectation is that participants’ views at the end of the consultation will not be those they held at the start. This is because participants have access to information (for example, on the implications of budget cuts on specific services) and even expert witnesses.</p> <p>It is worth stressing that the point of deliberative research is to generate an “informed view”, and not to examine the process that participants go through to form their view, nor to measure changes in opinion.</p> <p>The people described elsewhere as the “usual suspects” may not be appropriate participants – and neither are well-informed stakeholders with their own agenda.</p> <p>The main practical drawback is that, although the Council gets to understand the “informed view of ordinary residents”, only a very small number have taken part, and decisions taken as a result still need to be communicated to residents at large.</p>

Consultation Techniques	Assessment
Structured public meetings: budget conferences	<p>This remains a favoured technique and one that still has much value in it. People are invited to a public meeting but one where the debate is structured with break out groups, information provided in a variety of ways, options presented and facilitators on hand to ensure that the meeting is managed effectively and does not degenerate into an ‘us and them’ confrontation.</p> <p>The approach differs little from that of a community workshop. However, the people who attend cannot be seen as representative of the wider population (or even “typical”) and it may be difficult for those groups who are traditionally hard-to-reach to be enticed to and engaged in a public meeting. This technique is more suited to reaching established partners and stakeholders.</p>
Other consultation techniques	
Interactive web-site	<p>This option should become of increasing significance and may be particularly suited to debates about over complex issues such as local government finance, given the availability of explanatory notes and information boxes that can be attached to such exchanges.</p> <p>Initially, it my best be used when seeking to consult groups who already have some engagement with the council – it could provide a convenient and powerful way of organising and recording debate and judgements about priorities.</p> <p>There is little evidence of good practice to date.</p>
Shared interest forums	<p>Your council may have a youth parliament or forum set up to consult with members of ethnic minority communities. These forums can provide a focus for consulting about budget issues, although there is of course a danger that the focus of discussion will be on the narrow issues of concern of the particular shared interest. Such forums can be asked to take forward a process of consultation in order to reach groups that are often excluded.</p>
Area Forums	<p>Breaking the budget down into more manageable area-focused bites can give local people more of a feel for the choices that may confront the council. However, there is a danger of bidding wars between different areas.</p>
User Forums	<p>Consultation with existing users could form part of a general platform of budget debate activity. Of course, there is a need to balance the demand for additional resources that comes from these groups with the views of taxpayers in general.</p>
Mailed consultation documents to stakeholders	<p>This approach enables quite a lot of detailed information about budget choices to be provided to relatively well-informed stakeholders. They can respond to the choices that are posed and also provide their own suggestions about better options. The approach relies on the quality of the networks that the local authority has developed and is best suited to dealing with established partners.</p>