

# Wider Perspectives on the Report

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# Pressures for reform

## ■ Growth of the State

- ◆ 19th century: streets, lighting, refuse, police
- ◆ 20th century: schools, PSS (housing, health) etc

## ■ Capacity of local property tax

- ◆ strained by scale of post-1945 local government
- ◆ inflation

## ■ More recent pressures

- ◆ turbulence etc caused by community charge
- ◆ 1:4 gearing = Balance of Funding review

# Lyons: the political context

- All-party political fears as a result of Mrs Thatcher's destruction by poll tax
- The Treasury's all-embracing control of UK economy
  - ◆ Golden Rule etc
- Opposition's attack on council tax revaluation/Northern Ireland
- Local government's own ambiguities
  - ◆ eg, support for full equalisation; desire for stability

# Lyons: the Result

- Lyons report evolved within the context of Britain's top-down, centralised, political economy
  - ◆ Little room for manoeuvre
- 'Developmental' proposals that might start a move away from existing position
- DCLG's immediate response indicative:
  - ◆ capping to stay; no revaluation; no independent grants body

# Best hopes for local autonomy

- NNDR supplement
  - ◆ possibility of implementing major projects
- Tax base incentives
  - ◆ could create 'virtuous circle' of development
- Council tax benefit
  - ◆ essential if unpopularity of council tax to be reduced
- Local income tax assignment
  - ◆ good idea, but how to carry forward this proposal?

# The public's desires/expectations

## ■ Low council tax increases

- ◆ especially for property rich/income poor

## ■ No turbulence

- ◆ visibility of council tax is a serious problem/advantage

## ■ Improving services

- ◆ even if council tax does not increase
- ◆ implications for central support

## ■ 'Fairness'

- ◆ several (often inconsistent) expectations

# Conclusions

- Local taxation cannot be divorced from its context
- Complexities of modern State have left local government finance tangled with the centre
- Only a major constitutional re-arrangement could move on from stalemate
- Could this ever happen?

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