

## **Lyons Inquiry into Local Government**

Eastbourne Borough Council response to December 2005 Consultation Paper and Interim Report – March 2006

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### **Part 1, Local Government Role and Functions**

#### **The Strategic Role of Local Government**

##### **1. What is the strategic role of local government? Is my description sufficient, or are there more elements you would add?**

Shaping local identity, representing the community and resolving disagreements are key elements of this role.

Promoting and improving the economic, social and environmental well-being of the area and quality of life of local people – could be added.

The given definition goes into too much detail and is not always at the strategic level e.g. maintaining the cohesiveness of the community, regulating harmful and disruptive behaviours.

##### **• Which elements of this role should extend to services other than those for which local government is directly responsible, and how?**

- Regulating harmful and disruptive behaviours
- Helping to resolve disagreements etc – particularly between public service providers – new powers are needed to make this effective

Both through the use of scrutiny and other committees and local strategic partnerships and sub-partnerships

- Understanding local needs and preferences and making sure that the right services are provided through a variety of arrangements etc

Through consultation, participation and involvement, and by working in partnership and joining with other service providers to achieve economies of scale and efficiencies.

##### **• How does the strategic role vary between different types of councils?**

Building and shaping local identity needs to happen at a level people relate to. This will not be the same throughout England and people may feel

naturally drawn to a particular brand, this might be a whole city or part of it, a sub-region or county, a town or village. It may be another strong brand such as the Lake District. Different types of councils may be associated with a strong or weak brand and so people will relate more or less well to their council(s) and the council will be better or less able to perform the role of building local identity.

Where there is a two-tier local authority structure the role will be different for the county, rural district and urban borough councils. A county council area may be too large and include too many varied and distinct local identities for individual place shaping and local community representation. Councillors will cease to be representative of their locality where they can live a significant distance away from that constituency. A county council may perform central and strategic functions well, providing economies of scale in back office functions and where the service does not need to be close to the community. It can also manage resources across an area ensuring that disadvantaged areas receive more support, and it can provide a vision that places smaller localities in context.

District and more so borough councils can be more community focused and provide a sense of place that local people will identify with: they can provide services tailored to local need and respond more quickly to local demand and public opinion.

The place shaping role will be more difficult where the 'place' cuts across local authority boundaries.

## **2. What tools do councils need to perform the strategic role more effectively?**

- High quality leadership both political and officer.
- A shared sense of place with partners, coterminous operational boundaries.
- Good information about the area, statistics, public opinion etc.
- Cooperation of partners.
- To be seen by local people as responsible for this strategic role.
- The freedom, flexibility, power and resources to respond to local need and preference.
- The ability to prioritise and align the targets and activities of other organisations when there is conflict or unproductive competition.
- Power to resolve disagreements between different forms of public services and require action by other public services as in the 'Community Call for Action' as outlined in the Respect Action Plan
- Good communication with the public to promote understanding and respect for the role of councils.

**• What are the existing barriers to councils performing this role effectively?**

Central government taking this role for itself producing too much central control and a constant stream of policies, guidance and national targets. This encourages people to be dependant on central government for solutions rather than looking to their councils and themselves. It disempowers both the council and the individual so that people feel helpless to influence a remote government, it perpetuates the attitude that 'they' should do something rather than 'we' should do something. It produces the unrealistic situation where people think central government is to blame for, and should solve the detail of, every problem.

Councils lack the freedom to perform this role well. Most of a council's resources are spent by central government leaving only a small amount to local discretion. Local government can listen to local people but is hamstrung in its ability to respond to those views. This makes people feel local government does not listen or care, the truth is it does not have the combination of freedom and power to do as many significant things as people would like and need. Only by making rigorous efficiency savings have councils been able to deliver services independent of central government, and it is these services that are first for cuts when budgets are reduced.

**• In what circumstances does it work well and less well?**

It works well where:

- there is reasonable consistency of leadership of the council, public bodies and other partner agencies;
- the council and partners have developed a shared sense of direction and plans for improvement; and
- central government policies are founded in a good understanding of the issues and allow for local implementation.

It works less well where:

- there is uncertainty about the future, frequent elections, annual budgets, frequent and unprogrammed policy and legislative demands from central government;
- councillors and/or officers lack commitment, vision, imagination, and capability; and
- partners are in conflict, competition or pursue different or hidden agendas.

**• Are further improvements in performance, efficiency and accountability needed before local government can most effectively play this strategic role and be trusted to do so?**

There have been many improvements in recent years in terms of the accountability, performance and efficiency of local government. It is not these that need to improve for local government to be effective and trusted in this role. There are other factors that are perhaps more dominant such as the need to develop the role of non-executive councillors, a role diminished by the reduction in local discretion. Local councils need to improve their communication with local people about their ambitions, responsibilities and achievements. This needs to be matched by central government making room for that communication by reducing its role in local services and reinforcing the message that local people should look to local councils and not to central government for the solution to many of their problems. All the while central government puts itself forward as the body responsible for all issues and services then that will increase local people's sense of dependence on the state rather than on their own actions and those of their locally accessible and accountable political representatives. Local government needs to be more responsive to local need and report performance to the local community rather than government through performance indicators. Councils have been encouraged to consult the public more, but unless this is linked to visible action within a short timeframe then public expectations can be raised and not fulfilled leading to cynicism about the sincerity of councils.

**• What are the key signs of success and failure?**

Success

- High and/or rising public satisfaction with quality of life, services and local politicians
- A narrowing in the gap between localities within an area for service performance and public satisfaction
- High levels of trust and agreement between partners
- Stable and well managed finances
- High staff morale

Failure

- Rising or high levels of complaint, protest and discontent by local people

**3. How important is the fact that local government is elected in relation to its ability and legitimacy to perform this role?**

Essential, this is a prime function of local government and people need to be able to have local choice and the ability to remove those in control. The anonymity of the ballot box provides this opportunity and allows a range of views to be represented.

The alternative would seem to be managers appointed by central government. This would surely lead to greater mistrust by the public, the LGA report 'what drives public satisfaction with local government' shows public trust of local government managers to be below that for local councillors and public trust of government ministers to be still lower. If central government were seen to be appointing people to determine all local services and development public satisfaction could fall to a very low level.

A means of improving trust would be for local authority chief executives and directors to be elected; effectively this would mean paying the certain senior elected members a salary. Managing local authorities is a professional job and the limited allowances paid to council leaders are not commensurate with their commitment, responsibilities or the demand on their time. This would also counter the criticism often levelled at council officers that they, not the elected councillors, have the real power and that they are self-serving bureaucrats.

One concern is that local elections can be overshadowed and results distorted by national issues and politics.

### **Devolution and decentralisation**

#### **4. Which services (or parts of services) should meet national standards in all areas of the country? Which should meet minimum standards? Which should be entirely down to local choice?**

National:

These should be those services or parts of services where the public wish to see equal standards applied throughout the country and where there is no strong link to the locality. They might include:

Education (to age 18), social services, NHS, health and safety including building control and parts of environmental health (e.g. food, pollution), trading standards, motorways and major roads, housing development, housing and council tax benefits, fire and rescue service, ambulance service, births deaths and marriages, electoral registration, waste disposal, policing of serious and organised crime

Minimum

These should be those services or parts of services where there is a public interest need to have a minimum standard for example where a lower standard might have implications for health or public safety. They might include:

Refuse collection, neighbourhood policing, social housing, planning and development control, public transport, parts of environmental health (e.g. pest control, noise nuisance, licensing), child care places, homelessness, training and post 18 education and training, libraries,

Entirely local

These should be those services or parts of services where the public wish to or are happy to see local variation. This variation would most often on the basis of a defined and limited geography. It should be the default position covering most services. These are likely to be services to the whole community rather than a specific client groups. They might include:

Leisure, sports and recreation, parks and gardens, environmental protection and maintenance (built and natural), cultural services, street cleaning, local roads maintenance, economic development, tourism, local authority community services for crime, disorder, drugs misuse and anti-social behaviour, youth development, schools locations, extended schools role, local health services - location and outreach work, street lighting,

**• Are there aspects (such as standard setting, funding or choice of delivery mechanisms) of individual services which should be nationally controlled or locally controlled?**

Some standard setting at a national level would be seem to fit with people's natural sense of justice such as those to avoid postcode lotteries in health and education provision. If education standards were perceived as more uniform then the amount of rush hour traffic associated with the school run might be reduced. It would seem proper for there to be some national control of funding to ensure uniform standards but efficiency should be encouraged and local choice allowed once national standards have been met.

Choice of delivery mechanism should under local control and only dictated where inspection shows it is failing and the service provider refuses to act.

Services delivered by local authorities should be those where local variation is allowed. The absence of this discretionary power for some services means that local authorities are no more than agencies of central government. This disempowers local councillors and distorts the use of local government finances because these 'national' services have to be resourced to national standards which means that when resources are reduce the locally preferred services are disadvantaged. A recent example of this effect is the decision by government to extend the scheme for concessionary bus fares from 1 April 2006. The government allocated additional funds based on the number of households not the increased entitlement. Eastbourne has a high proportion of elderly and disabled people and because of this the funds do not meet the costs and cuts have been made elsewhere. In

neighbouring areas the funds have exceed to costs and a profit has been made.

**● Are there services where greater local variation in standards would be acceptable if there was clearer accountability and consultation with local people?**

Yes, people may feel the need for uniform standards in some areas because they are not confident that they will get a fair or adequate service without those standards. People have been encouraged to look to central government as accountable and responsible for all public services.

Our consultation shows that people are prepared to pay for services that they value locally, some are directly connected to why they enjoy living in Eastbourne such as the standard of the environment, cleanliness and high quality parks and gardens. In depth consultation on parks and gardens revealed that people were happy for expenditure to be reduced so long as certain standards of appearance were maintained.

Allowing people a greater say in local services may open up the possibility of cost reductions that are not linked to reduced standards as determined by local people.

**5. How has the Government's approach to devolution and decentralisation affected your area and your local services?**

Pressure on council budgets prevents good partnership working e.g. central control of county council spending means services other than education and parts of social services have to be cut. This impacts on the county council's ability to support local service delivery for example LSP and CDRP work for neighbourhoods and where youth development services have an important role. The knock-on effect is district councils and the voluntary and community sector trying to pick up these important services from their budgets and resources to meet local priorities such as dealing with anti-social behaviour and care of the vulnerable.

The overriding system is one of top down command and control; this is an actual or virtual hierarchy that values most the opinion of those in organisations or parts of organisations perceived to be of greater status. There needs to be an acceptance by those who manage resources at a strategic level of the expertise and local knowledge of those responsible for local/neighbourhood planning and delivery, be they in local government, the voluntary and community sector or the private sector.

**● Which aspects of the current system are helpful and unhelpful, and why?**

It is sometimes helpful to have direct grants to fund new services that deliver national priorities. However the short term nature of these grants can be inefficient. They are also accompanied by unnecessary and burdensome control systems. Much finance that could be available for local projects can only be accessed through complex and discouraging application procedures.

**● Have changes based on central government priorities differed from those that might have been driven by local pressure and opinion?**

It is difficult to guess what might have happened with less prescribe spending and service standards. It is likely that more resources would have been available and therefore perhaps more and better resourced services provided. The early system of encouraging councils to consider their role and the value of local services in consultation with stakeholders did provide for many service improvements. A process of reinvigorating councils and councillors was begun but not continued or completed. It has become overtaken by the need to achieve annual budget savings that dictates service provision and that works against achieving both national and local standards. Where there are further financial penalties such as those for waste disposal then there is a priority to achieve national targets. However the decision to increase recycling in Eastbourne was already being driven by a strong public demand evidenced by public consultation and satisfaction ratings.

Local councillors have demonstrated that they are in touch with local people in their choice of priorities which they have then struggled to achieved because of resource restriction for example Eastbourne Borough Council moved extra resources into services now covered by the 'Respect Agenda' ahead of government action.

Some actions may not have occurred without national support because of the specialist nature of the services and the expert knowledge available for example at the Home Office and the national initiative to deal with Priority and Persistent Offenders. In this example central government supports and enhances the work of the local service deliverers.

The use of ring fenced grants has helped develop some services in particular for crime and disorder and these may not have developed so quickly without this incentive. In other cases changes base on national priorities have not occurred because national systems do not provide adequate funds and prevent investment by the local authority; for example the 'Decent Homes Standard'.

## **Managing pressures on local services**

### **6. How can pressures on local services be managed more effectively?**

By managing public expectations; communication with the public is as important, may be more important, than other forms of engagement in driving public satisfaction. Our consultation shows that people want to receive information from the council but do not always want to be involved in or consulted about service delivery particularly where they feel that service standards and requirements are very obvious and where the time and money would have been better spent on taking action e.g. street cleaning.

There could be a more considered approach to new initiatives and policy development from central government. There is a tendency to launch new policy in a way that overwrites rather than builds on past policy. This has produced a climate of constant change while what is needed is development that builds on what is working well rather than seeking to replace it. New initiatives should be tested before they are launched to check that they are needed, can be afforded, are realistic and beneficial.

Stability is needed and a period of time allowed for the embedding of new systems and partnerships so that local government can focus on delivering services to the public and making new ideas work.

#### **• What are the main types of pressures faced by local services and how are they currently managed?**

- Too many new initiatives, policies and legislative changes sometimes introduced in apparent knee jerk reactions with little regard to cost;
- Short-term attitude to grant funding with changes sometimes linked to new initiatives without regard to impact of the change on existing services;
- National targets not matched by resources;
- Lack of engagement by government with local government over national targets and indicators, a more supportive and enabling approach is needed to help local government deliver national targets including time to prepare for new initiatives;
- Increasing bureaucracy often linked to control systems and finance;
- Too many masters, numerous bodies seeking to direct local services with the effect of relegating public and service user opinion;
- Idealism in inspection recommendations made without reference to resources or balance;
- Financial; inadequate revenue and insufficient capital to invest in efficiency improvements;
- Recruitment and retention; competition between public services for high quality staff, high housing costs;

- Buildings; age and nature of many public buildings many of which are listed, unsuited to current need and expensive to maintain or adapt
- Local political ambitions;
- Increased role for local government particularly power of well-being combined with a greater awareness by councils of the extent and opportunities available to them for improving their area;
- Demographic and social changes such as increases in single occupancy households, dispersal of families, ageing population;
- Rising public expectations; and
- Technological improvements – technology is available that can produce improvements and these are sometimes publicised such as new drugs or crime fighting systems. This raises public expectations beyond what they are prepared to pay.

These pressures are managed by an integrated service and financial planning system that seeks to maximise the outcomes achieved from services and rationalize the external pressures within a simple and easily understood system. This process is used to identify priorities and risks and then move resources to priority areas and manage risks and reductions in resources. Partnership working is used to develop better ways of working and increase efficiency, effectiveness and economy.

● **Which are the most difficult to manage and why?**

Those that are largely out of the control of the council, these include: demands of government, historic circumstances (buildings, finance, infrastructure), demographics

● **Would greater devolution of responsibility enable pressures to be managed more effectively?**

Yes, but only if the devolution of responsibility was matched by devolution of power.

● **Do confusion about responsibility and duplication of effort contribute to pressures?**

There is no real confusion about responsibility within or between organisations, but the lack of clarity about responsibility can confuse the public and stakeholders. It would be helpful to have clearer relationships between different types of councils: parish, district and county, executive and non-executive, and with other democratically elected representatives; MPs and Euro MPs. It should be clear which representative to contact about an issue. Both vertical and horizontal responsibility and relationships could be clarified and improved. This also covers non-elected bodies such as the regional development agencies, police authorities, NHS/PCTs, assorted committees and quangos some of which appear to be and sometimes act like autonomous and unaccountable agencies. A redirection of resources

away from the unelected to the elected bodies would be a positive move towards the empowerment of local people.

Duplication, real or apparent, may also add to confusion for example in two-tier local authority areas where legislation has conferred some duplicate roles or between Government Offices and Regional Development Agencies which could usefully be merged or rationalised with other agencies.

● **Would greater public understanding of the actual cost of public services help to manage expectations and pressures?**

Yes particularly if the public was able to exert greater control on the spending. There is a tendency in public opinion to want money to be spent on visible services rather than on administration. There is also realism about the cost of such services although not necessarily about how to pay for them. The public appears to be less sympathetic to the cost of general administration, if these costs were better known but not well justified then public satisfaction might fall. To counter this probability there needs to be a review of non service public expenditure with the aim of eliminating expensive administrative costs particularly of those agencies without local democratic accountability.

● **How can we ensure that the system provides the proper incentives and rewards for using resources efficiently?**

The report identifies the existing incentives that are adequate. These could be enhanced by increasing the proportion of funding raised locally but restricting this if an authority is judged to be wasteful by the community and this judgement is supported by independent inspectors.

Greater and real freedom for councils over expenditure coupled with increased support to elected members and an improved role for non-executive councillors in scrutinising use of resources. This could be by increasing the involvement of councillors in the audit and inspection process so that they can develop relevant skills. It might also allow councillors or groups of ward councillors to have a devolved budget to be used in their area for projects support by the local residents and/or businesses.

**Scope for a new agreement**

**7. How could responsibility for local services be made clearer between local government, central government and other agencies?**

Central government should adopt a lower profile with regard to local services and direct people to local government. Services with national

standards could be funded entirely from central government and not council tax e.g. education, social services and health. As stated above the role of the different councils, MPs, central government and unelected agencies needs to be made clearer with better vertical and horizontal delineation.

The use of national targets should be restricted to those services where the government takes responsibility for delivery and where the local authority is acting as a delivery agency. It may be that the government still wishes to see targets for other services as evidence of improvement but these should be set locally.

**● What might this mean for the current performance management framework?**

If some services are delivered for central government and/or through a contract these would be monitored by central government probably using the government office. The arrangement would be a development of the Public Service Agreement model although not as extensive as the Local Area Agreement. Local councillors would have a performance management role in scrutinising performance against the contract but the primary responsibility would be with government.

Other services where local variation is acceptable would not be monitored on an output basis by government, that would be the role and responsibility of the local council and would extend to public services delivered by other agencies in the area.

Overall public satisfaction with public services would be monitored through public opinion as measured by surveys.

Audit and inspection would be conducted by the independent inspectorates on a risk based approach. These would be triggered by monitoring reports on the 'contracted services', area assessments, at the request of local councillors. Local councillors would be more directly and deeply involved in the inspection and delivery of agreed improvement plans.

**● Would a more contractual approach for a small number of key central priorities help to achieve this?**

Yes, the need for this is demonstrated by the Local Area Agreement process. LAAs were launched with the intention of reducing bureaucracy and increasing resources available for front line services. However, their limitless scope and perceived importance has led to increased bureaucracy and no significant increase in delivery resources. Some have come to believe that if an issue or service is not in the LAA it is not important and will not be resourced and may be ignored. The dogmatic process applied to the LAA has reduced its value as a means for innovative and partnership

working, for example because of the reluctance to include services in development or without historic quantifiable data.

A reduction in the part of the LAA to be agreed with central government would give the LAA focus and allow resources to be targeted better. It will allow for performance management and information systems to be developed on a smaller scale matched by the available administrative resources.

A local agreement could be developed to complement the LAA but this would be between local service providers rather than with government.

### **Topics to explore**

Paragraph 1.99

All the topics listed are worth exploring, of these the following are potentially the issues that could benefit most from further examination and explanation:

- architecture of local public services
- place shaping
- managing pressures and the cost of complexity

## **Part 2, Local Government Funding**

### **Problems with council tax and balance of funding**

Paragraphs 2.44 and 2.49 – 2.51

Some elements of government grants to local authorities could be specified e.g. education grant; this could be linked to the suggestion in part one for a contractual arrangement between government and local service providers. Over the last few years government has increased expenditure on education but done so within the overall funding to local authorities, effectively this cuts other services to pay for education and has forced up council tax. These funds could be isolated from other expenditure so they do not impact on council tax levels, there should not be any more ring fenced funding. These specific grants should be for those services over which the local authority has little say with respect to service standards. The council tax should ideally pay for services where there is scope for local variation and so link it to local political decisions and elections. This might also reduce the level of council tax so that together with other local revenues it is close to or at the level of local service expenditure.

If local expenditure was funded from local taxes and other local income then councils could be given greater financial freedom. If future income rates were more predictable and outside of government intervention then councils could borrow money on the basis of that income. This would allow investment to improve services and increase efficiency in a virtuous cycle.

### **Council Tax Reform/Fairness**

Paragraphs 2.54 -2.56 and 2.65 – 2.77

The complexity of the funding system for local services especially the equalisation system means that it will always be difficult to explain the link between local taxes to local expenditure. Indeed it may be somewhat unproductive to try as the main problem with the current system is one of perceived injustice, therefore reform should prioritise the need to increase perceived fairness and understanding above the need to link local taxes more clearly to local expenditure.

Council tax should be retained as a property tax with an element dependant on household make up. Reform should aim to reduce this tax as a proportion of local authority income and the overall level should come down. Revaluation should be a regular process every five years as it is for business rates. Revaluation should go ahead so as to increased perceived fairness once the overall system is decided.

### **Council tax discounts and exemptions**

Paragraphs 2.39 and 2.79

The system of exemptions and discounts is considered to be fair. The power to remove discounts on second properties is a great help.

### **Council Tax Benefit**

Paragraph 2.61 - 2.62

A key problem with take up of Council Tax Benefit is the savings cut off at £16,000. This has not changed for many years and excludes many pensioners who might otherwise qualify on the basis of income alone. It is seen by many as an injustice to 'penalise' those who have saved or received a lump sum on retirement by asking them to use these savings to pay council tax. A significant increase is needed, perhaps to £50,000 (reviewed annually). This then needs to be followed by a national push to increase Council Tax Benefit take up.

### **Business Rates**

Paragraphs 2.29 and 2.88 – 2.90

The role of local authorities in economic development has not been well recognised by government. This service is often the greatest area of discretionary spend by a council, either directly through business support or tourism services or less obviously by additional expenditure on parks and gardens, cleanliness and environmental maintenance and improvements. This is particularly significant in areas such as Eastbourne where the tourist industry is very important. As a service it is one of the most unregulated and has one of the strongest links to local choices especially those of business; this is a good thing.

The increased role of partnerships both specialised for regeneration and economic development and local strategic partnerships have increased the

involvement of business in local authority decision making. Many local councillors have a good understanding of the needs of business and overall local business has a very strong voice in council decision making. However that voice could be strengthened by passing some additional funds to business organisations, e.g. chamber of commerce, to spend in consultation with other partners through LSPs or regeneration partnerships.

Another option would be to introduce a new business rate assessment system that could replace the current annual notional rent based charge. Such a system might be based on turnover or use, which could in turn be linked to the impact on the locality and local services. Examples are: businesses generating large amounts of household waste such as supermarkets to include an element of waste management charges in their business rates; for car sales businesses it could be the cost of abandoned car disposal; licensed premises – cleansing and policing. This would help pay for services and provide an incentive to businesses to adjust their practises. In effect this would mean that those that used the services paid the most albeit via the sales counter.

#### Paragraph 2.90

While Business Improvement Districts have merits it is important to note that there are additional administration costs particularly officer time and new computer software developed to supplement the business rates collection software.

### **Land Taxation**

#### Paragraphs 2.92 – 2.97

A land tax appears to be a useful means of accessing windfall gains made by landowners as a result of the development activity of local authorities. It could also deter the purchase of land for investment as happens in the property market. In a densely populated and wealthy country land is at a premium and needs to be used efficiently and with care. The benefits of the tax would need to be considered against the cost of administration. The proposed Planning Gains Supplement might provide this tax but may also deter development if it was a high one off payment. An annual land tax on land allocated for business use might be better and importantly would need to be charged on brownfield sites when it would help pay for the cost of making the land fit for use.

### **Charging for Services**

#### Paragraphs 2.107 – 2.109

The current system and powers are adequate. Charging for services is acceptable where those services are provided to a client group and the services are above what should be provided by other income including council tax e.g. licence fees. Recent consultation on this issue by Eastbourne Borough Council has shown that people's attitude to charging varies with the service; charging to breakeven or make a profit in theatres

is supported by 41.2% of residents, sports facilities by 27.5%, car parking by 26.2% and green waste collection by 19.9%.

If the local population in general is willing to pay for services then that may indicate that those services should be provided by the private or voluntary and community sector, for example leisure services where the private sector provision is very high and of good quality. For these types of services it may be better for local government to support specific client groups such as disabled people or youth in disadvantaged areas rather than subsidise self selecting service users.

Variations in the level of charges and type of services charged for may operate against any equalisation across the country. Charging for services may also be discriminatory and penalise or lead to non compliance by some people or groups, for example charging for disposal of vehicles has led to an increase in the number of abandon vehicles.

### **Equalisation**

Paragraphs 2.110 – 2.114

The level of government grant can, as described, have a great impact on the level of council tax. More could be done to stabilise the system and a 3 year settlement as promised will be welcome. More needs to be done to link the grant to key services like care of the elderly (be that by health or social services) and education.

A certain amount of equalisation could be localised between neighbouring authorities. Under the present system some local authority areas provide services to neighbouring areas especially the predominantly urban boroughs and unitary authorities. Funds could be equalised locally from relatively wealthy authorities to those providing most services, the greatest need and providing the greatest employment (again likely to be the urban areas). This argument should also be considered in any reorganisation of local government in two-tier shire areas.

### **Incentive measures**

Paragraph 2.114

The Local Authority Business Growth Incentive is a good and welcome scheme. The Business Initiative District scheme is also welcome.