

WISER COUNSELS



The Reform of Local Government



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for the
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2. THE ROOTS OF LOCAL GOVERNMENT REFORM

Local government in England spends around £40 million a year, a level that has changed little in real terms over the past ten years despite constant complaints of Government "cuts". It houses a quarter of the population, educates nine out of every ten children and provides services as varied as police and planning, building control and burial grounds and refuse collection and roads.

The particular collection of services that councils currently carry out are not the result of any carefully considered policy. Some, such as control over markets and fairs, are the surviving relics of the activities of the medieval municipal corporations or the various ad hoc agencies that operated where local councils did not exist. Most, however, have been given to local government at various times over the past century and a half because successive central governments thought local councils the most appropriate avenue for implementing nationally determined policies. Police, public health, education, housing and planning are obvious examples.

The transfer of power and responsibilities has not, however, all been one way. As some functions have been added, others have been altered or taken away entirely. Some services have been taken over by central government. As the welfare state has developed, for example, looking after the poor has progressively become a national government function. Local authority hospitals were taken over when the National Health Service was created. Municipal enterprises such as electricity and gas were incorporated into state owned industries in the post-war wave of nationalization.

Ignoring functions

As the functions of local councils have changed, so too have their nature and structure, culminating in the radical reforms of the early seventies.

Boroughs, which had existed from at least the tenth century, were reformed in a series of Acts starting in 1835. Major reforms were introduced by the 1888 Local Government Act,[1] which established elected county councils to replace the largely appointed individuals and bodies previously responsible for the provision and management of services outside the boroughs, and the 1894 Local Government Act, which reformed parishes and established district councils.

In 1963, local government in and around London was completely

[1] This Act appears to be the first occasion upon which the phrase "local government" is used in English legislation.

reformed with the creation of the Greater London Council and the new London boroughs. In 1974 the structure of local government in the rest of England was replaced by a pattern of county and district councils, modified in 1986 by the abolition of the GLC and the six metropolitan counties. Within those areas the existing district or borough councils became all-purpose authorities.

Tables 1 and 2 below indicate the current levels of expenditure by those councils on the provision of services to their local residents.

Table 1 Budgeted income and expenditure 1987/1988

Income: source	£,000	Percentage
Rates	16,913,951	53.85
Rate Support Grant	12,384,513	41.09
Domestic Rate Relief	716,999	2.36
Balances	421,145	1.38
Expenditure: service		
Education	12,159,807	40.91
Police	3,066,269	10.32
Social Services	2,785,754	9.37
Roads and Street Lighting	1,073,718	3.61
Housing(*)	736,590	2.48
Leisure and Recreation	710,207	2.39
Mandatory Student Awards	703,782	2.37
Fire	674,500	2.27
Refuse Collection & Disposal	563,975	1.90
Transport Subsidies/ Concessionary fares	529,611	1.78
Libraries and Museums	450,857	1.52
Environmental Health	394,192	1.33
Planning	322,120	1.08
Transport	259,130	0.87
Probation	181,711	0.61
Courts	177,785	0.60
Rate Collection	165,765	0.58
Rent and Rate Rebates	156,920	0.53
Land Drainage	122,240	0.41
Loan Charges	2,660,379	8.95
Miscellaneous (nett)	304,807	1.03
Inflation	1,519,384	5.11

(*) Actual total housing expenditure is well over £5.5 billion but is largely met from rents and grants.

Source: Cipfa Finance and Statistics 1987/88

Note: The above figures are net and hence do not show the full extent of local authority expenditure. As Table 2 shows, for example housing expenditure is almost entirely met from rents, subsidies and interest on the proceeds of sales.

Table 2 Estimated income and expenditure on housing 1986/87

Source: source	£ million	Percentage
Wages	3,827	68.38
Interest on sales receipts	580	10.36
Rate subsidies	345	6.16
Tax subsidies	458	8.18
Other	387	6.91
Expenditure	£ million	Percentage
Supervision and Management	1,146	20.44
Repairs and Maintenance	1,432	25.54
Loan Charges	2,859	51.00
Other	169	3.01

Source: Government Expenditure Plans 1988-89 to 1990-91 (Volume 2, Page 156)

Throughout, such changes have invariably been the result of central government decisions, introduced by Act of Parliament. And equally invariably they were based on a judgement of the most appropriate level of government at which the service or facility should be provided or the power exercised. Seldom, if ever, was any serious consideration given as to whether or not the function needed to be provided collectively at all and, if so, whether or not it was best provided by local councils.

Indeed, the Royal Commission under the late Lord Redcliffe-Maud which, in part, laid the foundations for the most recent reform of English local government was specifically required to consider local government "in relation to its existing functions."^[2] Given that the range of those services remained unchanged, it was surprisingly foresaw a "general tendency...towards the expansion of local authority services rather than their contraction."^[3]

Underlying that report, and the reforms that followed from it, was a belief in an increasingly powerful local government. "Throughout the course of our enquiry," stated the Commission, "we have become steadily more convinced that a powerful system of local government can in some crucial way enhance the quality of English national life."^[4]

In the event, that powerful system was not created. Some minor functions were transferred as part of the re-organisation but they were more than matched by the reductions in financial independence that subsequently followed, both through cuts in rate support grant from 1976 and the introduction of more direct

^[2] Report of the Royal Commission on Local Government in England (Cmd 4040, London:HMSO, 1969) (Page iii)

^[3] Ibid. (Page 56)

^[4] Ibid. (Page 146)

controls in the eighties.

Financing Local Government

If the range of services provided by local government attracted little serious examination, the method of financing those services, until recently, attracted even less. Throughout the seventies and the early eighties a series of half-hearted government enquiries did little more than outline various alternative ways of raising income, point to the obvious drawbacks of each and conclude that nothing could be done. Local government finance, in fact, was even excluded from the remit of the Redcliffe-Maud Royal Commission.

Only the Layfield Committee, appointed specifically to examine local government finance, conducted an in-depth examination and its unenthusiastic endorsement of a local income tax has been quietly ignored by all succeeding governments.

The level of charges for local government services was separately reviewed but, again, with little or no obvious result. Attempts were made, with limited success, to control total local authority expenditure through general reductions in rate support grant, by applying specific grant penalties and, eventually, by rate-capping. Competitive tendering has been made compulsory for a growing range of council activities. The rating system has been frequently tinkered with. But no major changes have taken place.

It was only the outcry following the 1984/85 rating revaluation in Scotland that eventually spurred the government into producing an alternative to domestic rates. Typically, even then, little attempt was made to consider the overall functions of local government and whether or not they, too, should be changed.

But an essential first step in any review of local government must be a thorough examination of what services people actually need that they cannot reasonably provide for themselves either with or without financial help. Such an analysis of local government activity is long overdue, for without it no sensible decisions can be made about the best future structure of local government or how it should be paid for. Yet, in the past, it has not taken place and local councillors and their officials have been encouraged to see themselves as having an expanding role in society exercising power in the name of "local democracy".

The results have too often been costly experiments that have ended in disastrous failure, a political and bureaucratic orthodoxy that denied individual choice and the development of a dependency culture in which people were encouraged to rely on the local council to provide for what it thought were their needs and to take decisions on their behalf.

Retraining forces

But major changes are taking place as a result of the steady

stream of policies that have been introduced over the past decade. In housing, the right to buy has seen more than one in six council tenants buy their homes. And the numbers are accelerating again. Although overall sales have yet to match the peak reached in 1982/83, sales in most areas last year were the highest for five years. Even in advance of the 1988 Housing Act a number of councils were looking at ways of disposing of their entire housing stock and the first councils have now done so.

In education, the right to opt out, is seeing a significant and growing number of schools choosing independence rather than council control. In construction and maintenance work, and now over a wide range of other functions, the obligation to seek competitive tenders is leading to an increasing, if often unwilling, use of outside contractors in place of the traditional council operated direct labour organisations.

The result of these and other changes has been a significant and growing reduction in the power and responsibility of local government, a reduction that seems certain to accelerate as further planned legislation reaches the statute book and more and more people decide to take the decisions affecting their own lives for themselves rather than leaving them to local councillors and their officials.

But potentially the most profound change of all promises to be the introduction of the community charge in place of domestic rates. Voters who, in the past, have enjoyed the luxury of using local government elections as a means of recording a somewhat pointless protest vote against whatever government was in power, or more likely of not voting at all, will in future have a strong financial incentive to consider the plans and policies of those they vote for.

Adapting to change

In the past, conventional analysis of local government has always started from the presumption that existing government functions should continue at least in the form and at the level they are currently at with, if possible, some scope for an increase in the quantity and quality of the services and some widening of their scope. For the foreseeable future that will not be the case. The level of expenditure of England's local authorities, set out in Table 1 above is certain to diminish. Its pattern is certain to change.

The likely impact of those changes, discussed in more detail in subsequent sections of this report, make it an opportune time to consider the future of English local government and the services it provides and to put forward recommendations for its future role.

2. THE COLLECTIVE CASE

There are a number of reasons why a particular service should be provided collectively rather than left for individuals to provide for themselves as they choose:

- a service might benefit everyone although its particular benefit to any individual would be difficult to identify and charge for. Street sweeping, collecting litter or maintaining public open spaces are some obvious examples.
- individual provision of a particular service may not be realistic or, in practical terms, possible. Street lighting, gritting icy roads and policing traffic are such cases.
- it may be impossible for people to provide for themselves individually. Thus, at least within the urban environment, the collection, treatment and disposal of sewage and drainage has to be organised on a joint basis.
- a service may be one which the immediate beneficiaries may be unable to pay for, social services provide some examples, but where a failure to provide it could lead to society having to meet greater expenditure in the future.
- where individual responsibility is possible, the decisions of one individual may have unacceptable consequences for others. Thus, while it would be possible to leave people to maintain a healthy environment, the consequences for everyone else from one persons failure to do so could be serious.

The argument often used to justify the provision of council services at a heavily subsidized price, or even free, is that the service would otherwise be so costly that individuals would be unable or unwilling to pay for it. It is an argument that should be immediately rejected for its non-specific, open-ended nature means that it could be used to justify any and every project that local politicians wished to propose regardless of merit.

In the absence of any compelling case in favour of the collective provision of services, the strength of the arguments against must be recognised. Quite apart from the well documented reality that monopolies are inherently inefficient, unresponsive and likely to be expensive, the customer is denied choice and variety and compelled to pay for a service that they might not want, or might not want in the quantity and quality provided. Where individuals provide for themselves they can choose different levels of service. Where a service is provided collectively they must all have the same.

In theory, a collectively provided service could offer a choice, either with or without a differential charge. In practice it is rare for them to do so.

To argue, as many do, that consumers, as electors, have the

opportunity to influence the provision of services through the ballot box is to ignore two things. Firstly, elections are a highly imperfect way of determining demand since they are relatively infrequent and require a choice to be made between various proposed packages of services, none of which is likely to match any individual voter's detailed preferences. And, secondly, collective provision, by definition, effectively denies the possibility of alternative provision and innovation.

In a market environment those who believe they can offer a differing service, or the same service in a different way, are free to try to do so and see if there are enough customers to support them. Where a rate or community charge funded service is provided free or at minimal cost only a few people will be willing to pay twice. The great majority will accept what is offered, even though they may not be satisfied with it.

Employing others

None of the above is to say that, where a service has to be provided collectively, local councils need physically carry it out themselves, only that the financing of the service has to be organised on a collective basis. It will often be the case that a council can ensure that the service is provided to a higher standard, or more efficiently or more cheaply through the use of one or more outside contractors. The growing use of such contractors in many areas of local government activity has demonstrated clearly to all except the most blinkered councillors and trade union officials that private enterprise can usually carry out a function under contract to the same or a higher standard than the council's own workforce did, and do so at a significantly lower cost.

There are a number of reasons why this should be so:-

- competition between rival independent companies tends to work towards increasing efficiency and keeping costs down
- independent companies can achieve their optimum size to maximize economies of scale by building up a suitable grouping of private contracts
- they can attract the best management by paying according to results rather than, as councils do, according to nationally negotiated gradings and salary scales
- free of political interference, they can get on with running their business without having to cope with unpredictable local politicians and their constantly changing objectives.

Not all of these benefits will apply in every case but their general effect will be obvious in practice. Through the use of competitive tendering and contract monitoring, councils have an effective mechanism for discovering where they apply and selecting the companies where their existence offers the greatest benefit.

The arguments for competitive tendering and contracting out have been well rehearsed elsewhere and scarcely need to be discussed

in detail here. It will be sufficient merely to point to the substantial advantages already demonstrated in practice and the likely long term implications of the Government's moves to increase the range of activities where councils are compelled to get their work out to competitive tender.

Another benefit is that councils have to define the nature and quality of the service they are seeking to provide and specify the details of its provision. For the first time many residents will know precisely the quantity and quality of services they are entitled to receive, even if their council has consistently failed to provide them in the past. The major benefit, however, will be a significant reduction in expenditure on the services affected, perhaps as high as 20% or 30%.

Those opposed to the use of private contractors make full use of a small number of highly publicized cases where private enterprise has provided an unsatisfactory service. They ignore the fact that the vast majority of such contracts are carried out satisfactorily -- and fail to realise that the case they are making is not against contractors in general but against a very small number of unsatisfactory operators and that their criticism should, in fact, be directed at those councils responsible for employing unsatisfactory contractors.

It is not always easy to understand why opposition to the use of private contractors is so bitter.

Contrary to the impression often given by the more dedicated opponents of competitive tendering, councils already buy a very wide range of goods and services from the private sector. From road engineering and construction work down to pencils and newspapers, few local authorities would dream of doing everything themselves. Yet those who happily hire construction companies to build their houses vehemently reject any idea of using those same companies to repair and maintain them.

Even amongst traditionally council-provided services buying and selling is not uncommon. When parents in one authority area send their children to a school in another, the equivalent amount of money is transferred between the councils concerned. The same happens where students of a specialist subject attend another authority's college. When one library authority borrows books from another there is a fee to be paid.

It is against that background that the provision of individual services is now considered.

SERVING PEOPLE -- NOT POLITICS

Councils currently provide a very wide variety of services, some of them inter-related to each other, many of them not. Some, like leisure facilities, education and housing, are provided for the use of the public, or at least some members of it. Others, like those supplied by architects, solicitors and accountants are retained for the use of the council itself and its other departments. Another group consists of administering and enforcing various rules and regulations governing a number of areas of local economic and social life which the council, or central government, consider to be necessary. A fourth group consists of handing out public money to individuals, groups and companies to support social and economic activities. A final group consists of recording functions such as preparing electoral rolls or registering births, deaths and marriages.

How far, if at all, each such service has to be provided on a collective basis is open to question. So, too, is whether or not local government is the most sensible or effective way of doing it.

The assumption that because a council has a responsibility it must fulfill it by its own provision of services is already and increasingly being questioned both in Britain and abroad. Indeed, some communities elsewhere in the world have taken the process of contracting out far further than anything this government has so far proposed. As the Widdicombe Committee noted "It is not a necessary element of local government that it should itself deliver services. In practice it normally does, but there are examples of local authorities abroad where all services are delivered by some other body under the direction of those authorities." [5]

Even the introduction and progressive extension of compulsory competitive tendering has revealed the opportunities for more efficient and cheaper provision of services and the arrangements being made to cope with the wind-up of the new town development corporations has revealed a quite unexpected scope for privatizing ostensibly administrative functions.

All of these aspects are considered in relation to the major council functions in the following pages.

The Conduct of Local Authority Business (Cmd. 9797, London: HMSO, 1986) (Page 52)

EDUCATION

Education is by far the largest single service that local authorities provide, taking up roughly forty percent of total expenditure. While it is generally accepted that society has an obligation to ensure that children are educated to a level where they can play a full part in modern society there is no obvious reason why that obligation must be met by the collective provision of schools and colleges by either local or national government.

Education is not a natural monopoly. In very few areas does the existence of one school preclude the existence of others. Indeed, in the flourishing private sector there is vigorous competition.

Choice is, in fact, enshrined in current education law. Although parents are under a legal obligation to ensure that their children are educated, that obligation does not require their child to attend a state school. Private schools and home tuition are accepted, subject to satisfactory standards being attained. Where children do attend state schools, the education authority has been required since the last war to educate them in accordance with their parents wishes, a requirement that too many of them have sadly chosen to ignore.

Power to parents

Within the state sector, the Government have taken a number of steps aimed at introducing some measure of control over education by the consumer. They have given parents the right to choose the state school to which their children will go, even one outwith the area of their own local authority. They have given them a major say in the running of those schools. And they are providing them with the power to transfer ultimate control over their school from the local authority to a form of self-governing bodies where the finance comes direct from central government instead of via grants to the local authority. Implicit in the new system is a recognition that central government in effect funds education through the rate support grant it pays local authorities.

In taking these steps towards the creation of a publicly funded free market in school education, they have set in motion a process which is likely to see local authority control over education steadily diminish. Among parents, that process will be encouraged by unhappiness about declining standards and the apparently incomprehensible decisions of some councils to meet the problem of declining pupil numbers by closing their most popular schools.

The most powerful long term force for change is to be found within the opting out arrangements. Already in England a surprisingly large number of schools have voted decisively to leave local authority control and there is every reason to expect the numbers to grow. The basis on which opted out schools are to

included includes giving them their share of present council expenditure on the provision of central services such as administration, special advisers and specialist services. As these services take up between twenty and thirty percent of local authority expenditure on education, the income involved will provide opted out schools with a significant financial benefit while the resulting loss of income to local authorities will put considerable pressure on them to prune such services.

Similar changes are in train for local colleges.

Meanwhile, through the introduction of the Assisted Places Scheme, the government has re-established the principle that associated with the former direct grant schools that lack of sufficient income need not be a barrier to purchasing a private education. Instead of providing the education free, the means are provided to purchase it in the market place. And by doing so they have removed the principal argument for state education: that the great majority of the population could not otherwise afford to give their children an adequate education.

The case against the state

The effect of all of these changes will be a steady reduction in the role of local authorities in the provision of education. And there are good reasons why that trend should be encouraged.

The arguments against council controlled education are not merely theoretical and reducing council control over education is not just about providing choice and variety. A state owned, financed and controlled educational system has encouraged the development of an entrenched educational bureaucracy at local and national level that attempts to prevent any outside control by parents or politicians through the claim that it possesses superior and unchallengeable knowledge, ability and expertise. That bureaucracy has expanded steadily, even over a period when school numbers have fallen by approaching a third.

Now, untested and unproven teaching methods have been imposed upon unwilling teachers. Educational experiments have been imposed on unfortunate children and their uncomprehending parents. Councillors and government ministers have been misled into endorsing misguided experiments in social engineering with their harmful effects on generations of school children.

Throughout, the constant claims are made that standards are rising and that children are being better educated; claims that are difficult to reconcile with the growing complaints of secondary teachers about the poor levels of education they find in the children coming from primary school and the constant complaints of employers about the declining standards in basic subjects amongst the school leavers they interview.

All of the above provides a strong case now for taking education entirely out of local authority hands.

In the current financial year, local authority expenditure on education will be roughly equal to the amount of rate support grants councils will receive, excluding the amount paid towards special rate relief. Transferring responsibility for control of education to parents and its financing to central government would make it possible to end government grants to local authorities and thus leave councils with far greater freedom to provide their remaining services out of income they receive through business rates and the income they will in future receive from the community charge.

If such a compulsory transfer were to take place it would be necessary to provide a transitional mechanism for those schools where the board lacked the experience or the enthusiasm to assume full control. One possibility would be to copy the system of voluntary bodies that were set up after the abolition of the GLC in the Metropolitan Counties. Such bodies, based on each former education authority area or appropriate groupings of such areas, could be given the job of providing the management currently provided by local education authorities and working with the school boards towards a position where they are ready to take over that management themselves. It might also be necessary to provide for some expansion of the existing inspectorate so that they could take over the supervisory functions currently carried out by local education authorities.

Self-management of colleges should be treated in the same way but with encouragement for them to move as speedily as possible towards a position where their income came increasingly from fees for the courses they offered, particularly where those courses were provided for industry and commerce as part of their training or apprenticeship schemes.

Under such a fully self-managing system, specialist teaching such as music or needlework and other services such as child psychology could be organised jointly by groups of schools or even be from the private sector.

In their nature, educational establishments catering for the handicapped may not be so readily made self governing as main stream schools. While the opportunity to take control of their children's schools should be open to parents, the specialized nature of their teaching coupled with the heavy burden already carried by parents of handicapped youngsters make it unlikely in most cases that there would be a significant willingness to take on the extra workload involved. In the absence of such a willingness, full responsibility should pass to the government. In normal circumstances, they would delegate it to the head teacher.

The second largest area of local authority spending is council housing, making up about a sixth of all expenditure. Of all council services it is the one where it is easiest to establish that collective provision is unnecessary. A majority of council tenants in Britain own their own homes. Nearly one in five of council tenants has bought their homes over the last eight years, a figure that would have been far higher had it not been for deliberate attempts by many left wing councils to obstruct sales.

All of that growth of home ownership, however, is the result of a sudden upsurge in independent mindedness amongst council tenants. Some of it is the unintended side effect of the campaigns against Government policy mounted since the last General Election. Raising tenants fears for the future has encouraged more of those very tenants to buy their homes to gain protection the politicians and pressure groups have told them to seek.

Some tenants have taken their houses over through a variety of forms of co-operative while some tenants groups are planning to establish themselves as "approved landlords" and to use the provisions of the new Housing Act to force their councils to sell their estates rather than see them transferred to private landlords.

In addition, a variety of alternative forms of "social landlord" do exist, ranging from various forms of co-operative through community housing associations up to large scale national housing associations and the emerging building society backed approved landlords. All offer the opportunity for greater choice, more responsive management and greater local control.

Home ownership

Allowing council tenants to choose an alternative landlord and to planed take over, renovation and transfer of some estates to government agencies will directly bring about further changes in the public sector. While it seems unlikely that any large number of tenants will decide to pick a new landlord some tenants will, recognising that the property improvements and higher standards of service likely to be offered are worth the probable higher rents. Others will see the benefit of transferring to managements that are prepared to face up to their responsibilities and control, and if need be evict, anti-social and disruptive tenants, a responsibility that councils have too often abdicated in the past. Yet others will see an opportunity to escape from the danger of experiments in social engineering that threaten to destroy once attractive estates.

Indirectly, however, these two proposals seem certain to bring about much more drastic changes. Already, they have provoked an increasing number of councils of all political persuasions to investigate ways in which they can hand their housing stock over

... local agency that will maintain the kind of social role
... private landlords will not provide. It is estimated
... as three hundred councils are now actively
... such steps and a few have already completed the

... for councils

... the new Housing Act likely to be the last stage in the
... of Government housing policy. There will undoubtedly be
... extensions of the right to buy. It is already widely
... that a scheme to convert existing rents into a form of
... payment is being sponsored inside the Cabinet by Peter
... and Malcolm Rifkind. Significantly, it was the latter who
... the Conservative Political Centre at the Party's 1988
...: "The present right to buy policy has worked
... well. It will soon be time to extend it and complete
... revolution." [6]

... or none of that privatized housing stock will be replaced.
... of large scale council building, except for those with
... needs such as the elderly and the handicapped, has
... arrived, in part as a result of deliberate government
... to shift resources into the housing association sector but
... as a result of the deliberate decisions of councils. Many
... short or non-existent waiting lists or faced with the
... of large waiting lists and equally large numbers of
... and unlettable houses have decided to concentrate their
... on improving their existing stock rather than adding to

... result of existing policies and their probable future
... is likely to be a future with a minimal public sector,
... increasing numbers of councils own no houses at all, where
... of accommodation specifically for the elderly and the
... is provided by housing associations for either sale or
... where rented accommodation is provided by a mixture of co-
... and private landlords, but where the great majority of
... live in houses they own.

... prospect of an end to council housing is one that should be
... As with education, the collective provision of council
... has been characterized by unsympathetic and unresponsive
... by disastrous architectural experiments and by
... waste on a massive scale.

... tenants

... is no reason to assume that ending the public sector would
... families unable to find accommodation. One interesting
... of the Bromley Borough Council scheme of payments to
... who wished to buy a house other than the one they lived

[6] Reported in Inside Housing (Volume 5, No.41: 21st. October 1988)

show that people in receipt of welfare benefits could live in areas with low house prices and become successful owners at a cost to the public purse far below that involved in providing a conventional council or housing association dwelling.

There is ample evidence, too, that tenants are well able, and are better able, to look after their property. Large numbers who have bought their council homes have improved and repaired them. Those who have co-operatively taken over estates have managed multi-million pound contracts for their renovation and have set up unemployed local tradesmen and labourers as successful subcontractors.

The end of council housing

Given that background it should not be so difficult for the government to push through the final total disposal of council housing stock through imaginative extensions of the right to buy and, ultimately, by appealing over the heads of recalcitrant councils to tenants' pride and building on their abilities to establish a network of tenant co-operatives to take over the remaining council stock. Although relatively new in Britain, co-operatives in Europe, particularly in Scandinavia, co-operatives are a common form of tenure and one major local authority, Oslo, in the early 1950s transferred its entire housing stock to them.

Such co-operatives, along with housing associations and other forms of "social" housing, could offer below market rents to those they considered in need of such help but for the great majority of the population rents, like house prices, would be determined by supply and demand in the market place. Ideally, however, there should be no need to categorize a proportion of those who use their housing as in some way different from everyone else. We should not have "social" food or "social" clothing. Nor should we have "social" housing.

Under such a system, help with housing costs should be, as it is with other necessities of life, through the provision of money with which to rent or buy. The responsibility would then rest for everyone, as it already does with owner-occupiers, to find their own accommodation, taking into account its costs and their ability to pay.

The presumption would at last be ended that would-be tenants, even those with no means of paying a rent, have a right to live wherever they choose and that local councils must house them regardless of cost. Councils, and public sector housing pressure groups, have certainly encouraged that belief as a means of bringing pressure to bear on the government to grant them greater resources with which to expand their housing empires. In the process they have helped create a serious misallocation of resources demonstrated by the widespread paradox of growing homelessness at a time when there is a gross surplus of houses over households.

SECURITY SERVICES

Like education and housing, it is normal to consider policing and law protection, like defence, as an archetypal public goods; services that must be provided by the state at one level or another.

Providing police

Generally most of the major police functions fall into that category. While it is theoretically possible to envisage a system where police forces would be financed through some form of insurance based system, in practical terms the general enforcement of society's rules and the detection and apprehension of those who break them must be paid for and provided by society on a collective basis.

Nevertheless, even a superficial examination reveals a number of interesting functions that are already carried out by private enterprise. Security services are an obvious example where a wide variety of companies now operate, offering uniformed protection, surveillance for people and property and secure carriage for goods and communications. Some, unfortunately, give the industry a bad name with the kind of people they employ but the majority have well established reputations for providing a reliable and trustworthy service.

Indeed, private alternatives are even better developed. A private police force patrols the Munich underground. In America, some municipalities hire in the provision of complete police services from private companies. In areas as far apart as New York and San Francisco private enterprise police services, sometimes individuals, sometimes companies, are paid by households and businesses to provide beat policing of the kind that most modern police forces no longer undertake, and offering varying levels of service according to individual requirements.

In the case of San Francisco, such private beat policemen date back to the mid-nineteenth century and are officially recognised in the city's charter.

Police services in Britain differ significantly from other local authority services. Chief constables have a freedom of action which councils have little or no right to interfere. Those chief constables can be obliged to retire by the government, though not normally by their own council, and their appointments, along with those of other senior officers, can be vetoed by the government.

Police services show two competing trends. On the one hand there is increasing centralization; partly as a result of the provision of common police services and partly the result of the increasing co-operation between forces, not just through the establishment of a number of joint forces covering two or more local authority areas but through the type of joint operations seen in response

...crimes or during serious industrial unrest such as during the miners' strike. On the other hand, however, there is the tendency towards much greater local involvement in schemes like the neighbourhood watch and the scattered police to get more police back on the beat.

When the future organisation of police services are considered, there are three possible approaches. The first is to have the provision of police services at as local a level as possible, despite the inevitable need for increasing co-operation with centrally provided services. Another is to recognise the strength of the case for greater centralization, accept that the result will be a national police force or a series of regional forces, and plan for it rather than let it evolve by accident. A third option, potentially more attractive than either of the others, is to create a two tier structure of police services where basic neighbourhood services are provided at a local level while other services are integrated and provided centrally or nationally. The degree of co-operation that has developed between existing police forces suggests that such split responsibility need raise no insuperable organisational problems.

It would be open to each council to decide whether it should maintain the local community force itself or under contract from a national or regional force or, possibly, in some areas under contract from a reputable and suitably qualified private security company.

If the senior force were to be a national one it would be controlled by the central government as the Metropolitan Police is. If it were to be made up by a series of regional forces then the recruitment and funding could come from groupings of local authorities acting jointly in the same way that such existing forces are currently organised.

Maintaining Fire Brigades

As with police services, some limited specialist fire-fighting services are provided privately in Britain, usually by companies in the chemical and related industries protecting their own plant and equipment. Again, it is possible to envisage the operation of locally private fire brigades providing protection on a subscription basis. Such services are common in parts of the United States with householders paying an annual fee to the company in return for attention whenever it may be required. Such private schemes provide an incentive towards fire protection measures through reduced charges to those who take appropriate steps to protect their property and minimize the risk of fire. Those who do not choose to pay still receive a service if they have a fire but they have to pay a heavy fee, usually based on a multiple of the annual charge plus an hourly rate for the time the brigade is involved in fighting the fire.

Whether such private provision would be possible in Britain, at least in the short term, must be open to doubt. Companies

Private fire brigades in America are long established with considerable experience going back over forty or more years. No such brigades exist here. Equally, while such independent brigades may be suited to rural communities where housing is unlikely to be congested, it is less easy to ensure their effective operation in the kind of densely populated communities where the bulk of the population live. In the case of companies with any kind of record, let alone a well-established one, even the possibility of contracting the service appears remote.

Nevertheless, the emergence of private sector fire brigades is not impossible. It is possible to envisage circumstances in which local authority offered the members of its fire brigade the opportunity to take over the existing vehicles and fire stations and management buy-out and provide local fire cover under contract. A handful of such initiatives in other areas of local council activity suggest that there could be benefits on both sides.

However, public provision of fire services raises slightly different organisational considerations from those raised by private. In its nature, the normal work of a fire brigade will be local, dealing with outbreaks within its immediate neighbourhood. Only the provision of specialist services for certain types of outbreak and the arrangements for dealing with such cases need to be organised on a wider basis.

On consideration of the structure of local government, fire services alone would not provide a clear case for large local authorities. There appears to be no necessity for the bulk of fire services to be organised in large units unless the community to be served is itself large. The benefits of a more local service would likely outweigh any likely difficulties in organising local co-operation and the joint financing of specialist services.

SOCIAL SERVICES

Provision of social services takes up around ten percent of total council spending. It is an area where normal market mechanisms can be difficult to apply. There may be charges for some services such as home helps and places in residential homes but the vast majority of those who seek help from social workers are unlikely to be in a position to make any payment.

Nevertheless, many of the functions currently undertaken directly by councils through employing qualified social workers can be and are carried out privately, with or without council financial or operational involvement. A wide range of social services are provided by private and voluntary organisations and agencies, in some cases, such as residential and nursing homes for the elderly, paid for directly or indirectly by the residents, in some others funded largely by central or local government who see the benefit of the more responsive, innovative and caring support they can often offer those in need compared with social workers bound by departmental rules and regulations.

Along with the traditional areas of voluntary provision there have been a number of recent innovations in the way councils use private individuals to fulfill their responsibility to those in need. For example, offering the elderly the chance to live with a family under arrangements akin to fostering has provided some of them with a pleasanter environment at lower overall cost to the community. In Kent a private foster parents group has even been established which contracts with local authorities and others to care for children and then organises places, pays the foster parents and provides a twenty four hour back up service along with health therapists, group holidays and social events. Similar schemes are already planned for Cornwall and the West Midlands.

Throughout the world it is not uncommon to find private companies, both profit making and non-profit making involved in the provision of social services on a contract basis. Home helps, day visitors, homemakers, halfway houses, meals on wheels and hospital outpatient treatment are all supplied under contract in one part or another of the United States.

The ability of social workers to fulfill some of their responsibilities has been under critical examination following their failure in a long series of tragic child abuse cases. How much the help they can give is actually required has been open to question ever since they took industrial action in the London borough of Tower Hamlets. Although the strike lasted nine months there was a singular lack of any evidence of increased hardship or social problems as a result of it.

This evidence, coupled with the possibilities for private provision of social services, suggests that councils may well be able to do more to help those in need by reducing the number of social workers they employ and using the resources released to get the voluntary sector increase its work.

LEISURE AND RECREATION

Less costly but still significant services where there is a clear necessity for collective provision are many of those associated with leisure and recreation. Some facilities, of course, like the open spaces, parks and similar areas benefit everyone. While it would be possible to identify those who benefit most, such as regular users or those whose homes overlook the open areas, charging them for that benefit would be impossible.

Some very others, however, such as swimming pools, golf courses and putting greens, are such that the user is the obvious beneficiary of the service with little or no indirect benefit to anyone else. It is difficult to see any valid reason why user-specific services should not be financed by user charges or why they should not be provided privately.

It is often claimed that such services have to be heavily subsidised so that everyone, regardless of income, should be able to have the opportunity to use or participate in leisure facilities. It is a claim that does not stand up to examination. Even the introduction of concessionary rates, or even free access, for the unemployed, for pensioners and for other groups identified as being in need, local authority leisure facilities remain, as they have always been, the predominant concern of the middle classes who could well afford to pay an appropriate price for their pleasure.

It is further claimed that many facilities would not be provided if enterprise operating in the free market because they would not be profitable. While it is impossible to be certain about the provision of leisure provision the private market might provide in the absence of subsidized council competition, the fact must be recognised that a failure to offer a particular facility will normally mean that there is insufficient demand for it. Councils believe they are providing facilities in such circumstances they should recognise that what they are doing is in line with their view of desirable patterns of spending on the leisure facilities of meeting basic and essential needs of society. It is very difficult to do so where leisure and recreation facilities are concerned.

Local government objectives

Local government policy has the limited objective of ensuring, through the introduction of competitive tendering, that certain facilities are managed as efficiently as possible in the interests of the user and the ratepayer. They do not propose to interfere with the specification of the actual services provided.

Competitive tendering will cover only the management of facilities in sports centres, leisure centres, swimming pools, leisure pools, golf courses, bowling greens, putting greens,

athletic tracks, pitches for team games and other sports grounds, water sports and leisure facilities whether swimming and bowling facilities. Within that framework local authorities should be free to determine the range and quality of services which to supply and to decide the level of charges to be levied, the opening hours and the admission

Local authority trends

Unlimited objectives will exist must be a matter of course. The competitive tendering proposals contain too many opportunities for local authorities to avoid the need to go to tender. Exemptions, for example, include village halls, facilities in school and other establishments and facilities such as sports grounds where there is no local authority involvement in their management. They should provide ample scope for imaginative local officials to avoid unwanted competition.

The Government's promise that local authorities will be able to incorporate specifications they like into the tender documents provides apparently unlimited opportunities for councils to exploit contractors at bay.

It is, however, that the Government will tolerate that the application of the legislation to competitive tendering for housing and other maintenance work suggests that the scope of the tendering will be steadily increased and the exemptions reduced. The Government seeks to close the loopholes that local authorities will undoubtedly attempt to identify and exploit.

A more damaging difficulty arises from the inevitable conflict between councils determining the level of charges, the general admission policy and a private contractor attempting to achieve optimum use of the facilities they have taken over.

Local authority pricing policies have tended to be based more on adjustments to the status quo rather than any consistent attempt to relate charges to the cost of providing the services, alternatively, to balance supply and demand.

The increase is not even related to the inflation rate but represents a political compromise between what the ruling group of users will tolerate in increased charges and what the general public will tolerate in increased rates. The cost of local authority leisure and recreation services represents fully a quarter of the rateborne expenditure of the local district council.

Local managements, on the other hand, might well wish to use the usage of a facilities evenly throughout the day by means of pricing or by restricting people entitled to

... such as the elderly or the unemployed to non-... while such a restriction appears quite sensible... jobs can attend at any time whereas those in... limited free time, the government has assured... the introduction of competitive tendering that... insert conditions in the tender documents to... management adopting such a policy.

... must lead to a progressive widening of the... tendering requirements and a reduction in local... Inevitably, the time must come when the... authorities provide leisure and recreational... will come into question. A handful have already... or all of their services to the private sector... led buy-outs. Others will undoubtedly follow.

... readily assumed that private enterprise could not... provide adequate facilities. In many rural areas... have traditionally been provided and operated by... Private enterprise has created sport and... both as full facilities in their own right or... and other establishments. The fact that... able to do despite the existence of heavily... alternatives suggests that the facilities they... as superior by many members of the public.

... provided facilities are not always more expensive... Although annual membership fees tend to be... over a year and allowing for the range of... and the time allowed for their use the cost... to be significantly lower.

... could be helped to use such private facilities... concessionary rates, such as is done by local... they operate systems of free or reduced bus fares... or by directly purchasing tickets to be... those in need.

... of a network of privately owned and operated leisure... facilities would, in most areas, ensure variety,... and choice, eliminate a growing burden on the... and ratepayer and avoid the kind of bureaucratic... by expanding council leisure empires.

... and art galleries

... announced proposals to extend the opportunities for... to charge for some of their services and to... the provision of the service itself also constitute... rather restricted step in the right direction. The... will be limited in most library authorities... is largely the traditional one of lending books... a small reference section. Despite the repeated

to maintain such "core" services as free it is to be expected the government will eventually come to realise that library service is largely used by middle class people who will afford to contribute towards the cost of such services. The Government should reverse its present position and apply to books the same principles it should apply to other library services.

as the Government proposes, to levy a charge for the recording of Beethoven or Bach how much more should we charge for the loan of a Mills and Boon

there is no reason either why many of the larger museums should not seek to cover a significant part of their operating costs from their users. While it might be necessary for the very smaller ones to raise much money, those museums of exhibits necessary to attract large attendances should be able to do so more effectively than most

LOCAL SERVICES

Local authorities directly or indirectly operate a number of trading concerns, ranging from substantial businesses such as bus companies and underground railways, through harbours and direct labour organisation down to small operations such as abattoirs and crematoria.

Some are simply run as council departments. Others operate as trading companies. A government survey published in 1988 revealed that local authorities in England alone had an interest in 470 companies including, in one case, a haematite mine. While most are small scale (sixty six had no turnover at all), forty eight had turnover in excess of £1 million, four of them in excess of £5 million. Half were subsidized and only a handful produced any return to the local authority. In only one case did that return exceed £500,000.[7]

Government policy in recent years has been that trading concerns should be run on a commercial basis with their managements having a contractor-client relationship with their town hall masters. It is now proposing new rules to govern the wide range of companies in which local authorities have an interest.

Even such systems are in force, there seems little reason for trading businesses to remain in council hands at all. The evidence of all privatizations of formerly state owned industries is that the new commercial freedom and the spur of competition has led to dramatically improved performance. Were council businesses to be privatized there is every reason to expect them to show a similar, if not perhaps a better, improvement.

The proceeds from such privatization could go to finance some of the capital spending their council owners consistently claim they cannot afford because of government "cuts."

Trading transport public

Public transport, for example, offers a perfect example of a service which private enterprise can provide and would have provided in the past had licensing restrictions not physically barred them the opportunity to enter the market and heavy subsidies to the existing state-owned operators ensured that had they overcome the bureaucratic barriers they would have been able to compete anyway.

Changes in legislation over the past decade have steadily eliminated both of these barriers with the result that buses, as a means of public transport, are enjoying a revival after years of decline, except that is in areas where the level of subsidies was so high that the substantially higher fares following their

[7] Local Authorities' Interests in Companies (London: Department of The Environment 1988)

... has led to significant passenger resistance.

... privatization of the bulk of the government's own public ... interests nearing completion it would make sense for ... companies to follow suit, either through a direct ... private operator or by means of a worker/management ...

... undertakings should prove equally easy to dispose of. ... Airport, for example, is highly successful and could ... or in a package with other regional airports to ... a significant competitor for the privatized British ... Many municipal airports, however, are perennially ... and only kept alive by subsidies on the basis of ... municipal pride or some unsustainable belief that ... of an airport helps attract industry.

... would suggest that such facilities be closed on the grounds ... is clearly insufficient demand for their services. If, ... local authorities wished to keep such loss-making ... open they might well find that inviting private ... to tender for a contract to manage the facility for a ... might prove much less costly than doing the work ... Some small scale airport operators have an impressive ... of discovering and exploiting opportunities for ancillary ...

... transport undertakings include underground railways, ... on the grounds that they take traffic off congested ... bridges, run at a deficit due to an unwillingness to ... charges, and a variety of harbours and piers, some ... to provide an access to remote communities.

... could be treated in the same way as loss making airports ... management contracted out to those who see ... opportunities that councils have missed to increase income and ... business.

... for all

... of approach outline above for public transport functions ... be applied to all local authority trading undertakings.

... they can compete with the private sector and win contracts, ... labour organisations and cleansing departments could be ... as some already have, through management/worker buy- ... Shattoirs and crematoria could be sold to companies who ... such facilities elsewhere.

... result, capital could be raised to pay off debts or finance ... developments and subsidies could be reduced. In addition, ... could be cuts in the central administration previously ... by a council to keep control of all of its activities.

RULES AND REGULATIONS

Apart from the services it provides for the public and itself, local government possesses wide powers to control economic and other local activities. Some of the regulation is clearly necessary while some is not; some is used beneficial but some is not; some serves a clear purpose while some does not.

Not only are the powers themselves, and the way they are exercised open to question, so too is the underlying presumption that only regulation by a government body of some sort can be relied upon to protect society from the effects of uncontrolled activity. As the following discussion shows, several ways exist of regulating society and relations between individuals that do not involve government at all.

PLANNING

The twentieth century growth of planning was seen as a means of protecting the environment from the unrestricted spread of urban development, a way of improving the quality of the urban environment, a way in fact of controlling what were seen as the likely excesses of private enterprise and of channeling development into socially desirable ways and areas.

In such, it has not been an obvious success. Some undesirable development will certainly have been prevented, some growth encouraged or forced into areas it would not otherwise have chosen. Some householders will have been prevented from "improving" their property in ways their neighbours might have found quite unacceptable. But those benefits have been achieved at a heavy price. Economic growth has been held back as companies, denied the chance to expand where they wish, abandon their projects or take them abroad while others succeed in getting approval only after having devoted time and energy to persuading the planning bureaucracy that would have been better and more productively spent running their businesses.

Society has suffered, too, from the unnatural segregation of home owners and council tenants into separate estates and of the places where people live from the places where they work.

The general presumption that local authorities have the judgement to improve upon other people's ideas for development is one that should be questioned in the light of practical experience. In too many areas, it is precisely those parts of the built environment that local authorities are responsible for that display the worst examples of unsympathetic design and unacceptable architecture.

Some planning is, of course, necessary. The countryside requires some protection from urban growth. The proper provision of public sector infrastructure requires some forecasting of likely future development. But much of modern planning borders on the utterly senseless.

Planned obsolescence

The preparation of local plans, for example, involves planners in pooling their ideas of what might be appropriate, acceptable and desirable. Those ideas are discussed with other officials in their own and other authorities. The views of councillors are sought and, where possible incorporated. A draft plan is then prepared and published. The public, or at least the tiny handful who have any interest in the subject, are then consulted and their views considered and possibly incorporated. A local plan is then finally produced.

The entire process may take up to two years or more, by the end of which individuals, companies and organisations will have identified perfectly acceptable development opportunities which the planners had not envisaged and will be seeking permission to carry them out. The plan will have to be altered or amended involving further rounds of consultation. By then it will be time to start preparing the local plan for the following five years.

In most areas the system adds little of value to the way local communities develop. It ignores the element of entrepreneurial flair involved in identifying development opportunities. But it does provide permanent employment for professional planners.

Unplanned progress

To a degree, the government has recognised the economic problems caused by planning and introduced a number of initiatives from the reduced planning powers in the "enterprise zones" and the new "simplified planning zones" to the relaxations in restrictions on changes in use of existing buildings. None of these steps, however, take into account the possibility that society could exist without local authority planning at all.

But there are alternatives to such statutory local authority planning. The use of conditions, restrictions and mutual obligations in title deeds could avoid the perceived necessity for such detailed development control. A properly developed system would provide people with the necessary protection against inconsiderate proposals by their neighbours, do it on a more flexible and varied local basis than uniform council planning policies ever can and do it with greater predictability than the changing moods and memberships of planning committees can ever hope to offer.

Allowing the price mechanism to work properly would normally ensure a degree of separation between residential areas and incompatible uses without the intervention of planners.

Experience with reduced planning controls in enterprise zones does not suggest that relaxed planning leads to poorer designs or incompatible uses. In the United States, a number of major cities, including Houston with a population of well over a million, manage perfectly well without conventional planning

regulations.

LICENSING

An amazing range of businesses need council approval before they can open their doors to customers. Such approval goes under many names; licences, registrations, permissions, consents, assents, certificates, approvals, warrants, franchises, notifications and, no doubt, many others. But whatever the name, the final effect is the same. Without a licence, and often more than one, a business cannot operate.[8]

The system is riddled with inconsistencies. Dealing in venison and game is controlled while dealing in other meats such as beef or lamb is not. A street trader may require a licence from each local authority within whose area he works whereas a pedlar gets one licence from the police which is valid throughout the country.

There are clear differences between Scotland and England. North of the border, second hand dealers and window cleaners may require a licence from the council. South of it they do not. Conversely, in England a council licence may be required to practice acupuncture, ear-piercing, tattooing, or electrolysis or to manufacture sausages. In London even hairdressers, barbers and manicurists need licences. In Scotland none of these apply. Scottish billiard halls still have to be licensed. In England the requirement has been abolished. In Scotland cafes and carry-outs can only stay open after 11 p.m. if they can persuade the council to give them a licence. In England and Wales they are automatically allowed to do so unless a neighbour complains.

The lack of any obvious difference in standards between Scotland and England in areas where one has licensing and the other does not suggests that such controls are of little practical value. And that view is supported by a survey of second hand car dealers carried out by the Scottish Consumers Council. It did not find that licensed dealers were any different from unlicensed ones and concluded that, "in terms of consumer purchase experiences licensing was not having any effect at all." [9]

The impact of licensing controls can, however, be particularly serious for the unemployed. Business expansion is restricted. For example, anyone wishing to establish a business serving two districts may have to obtain two licences and pay twice for the privilege. Mobile shops and vans may require separate licences for the vehicle, the operator, and every employee. And require them for every district in which they operate.

[8] For a fuller analysis of the extent and impact of licensing see, for example, Mason, D.C.: Licensed to Live (London: ASI, 1988)

[9] Gabbot, Mark: Press release of a speech to a Consumer Law Conference, Edinburgh, 23rd. April 1987

For those seeking to start up on their own, it can take months to process an application. And to ask someone without a job to produce a £50 fee, more than many get from the dole, simply in order to apply for a licence to operate a market stall, drive a taxi or even to clean windows is a certain way of ensuring that most remain on the dole.

The system of local authority licensing is complex, inconsistent, repetitive, onerous and apparently ineffective, and its practical application can be open to petty officiousness and blatant abuse.

A radical reduction in the range and scope of such local regulatory powers would help cut council costs and could make a major contribution to the encouragement of small businesses and self-employment.

Controls which restrict or prevent competition or impose unnecessary burdens on business should go too. Multiple licences for the same activity should be eliminated and local authorities should be required to recognise each others licences as the police already do with pedlar's licences. Licence holders should be entitled to employ whoever they wish without the need for those employees also to be licensed. The power to impose petty regulations, such as controls over the colour of taxi cabs, should be removed.

BUILDING CONTROL

In their role as building control authorities, local councils exercise detailed control over the design and construction of new buildings. They enforce national rules and regulations governing construction work through their power to issue or refuse building licences and their subsequent supervision of the actual work.

Such detailed control of what is a matter of safety may appear an inevitable function of government and yet in France it is largely carried out in the private sector. While rules are enforced governing fire safety in buildings to which the public have access other building codes are voluntary. Control over safety in building design and construction is maintained by putting a strict liability for safety on the builder. In general, construction companies are unable to get funding from the banks if they do not carry insurance cover against any claims, giving the builders a double incentive to obtain insurance cover. In turn, the insurance companies protect their interest by hiring private inspectors to maintain a check on buildings under construction. As a result, building safety is very largely maintained by the private sector without significant local or national government involvement.

AIDING INDUSTRY

A rapidly growing area of local authority activity consists of well publicized attempts to encourage economic development in their areas. Yet, some of the most serious barriers to the establishment and growth of new enterprises are created by those same local councils. Some are obvious to all.

The high rate levels many local authorities impose make it difficult for local firms to compete. Existing businesses move out and new ones are inhibited from taking their place. The greater redevelopment role adopted or planned by many councils has led to the demolition of much of the short-life property which provided the cheap premises in which new businesses could locate until they were established and safely profitable. Councils have hoarded vacant land, even when they have no plans to use it. Restrictive attitudes to planning have made it difficult to use other, potentially suitable property. The over enthusiastic imposition of licensing controls simply adds to the burdens business has to carry.

The effort many local councils now put into encouraging small businesses all too often simply add insult to injury. Without high rates, loans and grants would not have been necessary. If so much property had not been demolished, new small factory units would not have been needed.

But has local government learnt from its mistakes. Planners still impose further barriers to new businesses such as bans on advertising, restrictions on hours of operation and controls over changing the use of premises. Licensing powers are still used to harass, creating administrative and financial burdens for existing businesses and serious barriers to the emergence of new ones.

Such problems created by local government must be reduced or eliminated if existing enterprise and initiative is to be released. Government intervention through relaxations in planning, through the establishment of development corporations, through restrictions on rate levels, forced sales of surplus land and in other ways have done something to help. But local councils themselves could do far more. Instead of establishing costly industrial development units they would be better to relax their restrictive role. In the process they would be able to avoid spending money and also reduce their bureaucracies.

ADMINISTRATION

Because the costs of services which councils provide for themselves and their service departments are usually allocated amongst those departments they tend to be less readily identifiable and hence less subject to critical comment. The costs of architects and surveyors departments, perhaps, provide an exception since the cost of their work on council contracts can be readily compared with those that would have been incurred by using private practices to undertake the work. It is significant that, having made that comparison, a number of councils have abolished or privatized such departments.

In other areas, however, such as accountancy, legal work, personnel management, computer services or simple administration costs are normally not individually identified and comparisons are far more difficult to make.

And yet such comparisons should be made. There is no theoretical reason why an internal bureaucracy should be any more efficient or any less costly than an outside one hired in to carry out the work. If anything, indeed, theory would suggest that competitive pressures would ensure that the contrary is the case. And limited practical experience gives some support to that view.

The initiatives taken by a number of new town development corporations facing ultimate wind up have shown the extent to which professional groups such as architects, surveyors, accountants and solicitors can be successfully set up in private practice, using the contract to provide the services still required by their former employers as the basis to build up new areas of business, including other public sector agencies.

Some such groups are already in the process of establishing themselves as national organisations.

The benefits to a council of encouraging such steps are two-fold. Firstly, using such an outside practice avoids the necessity of maintaining high staffing levels to deal with peak work loads. A private practice can organise its work flow to even out such peaks amongst a number of clients. Secondly, it removes one argument for having large local authorities.

In the past, the need to have access to certain specialised expertise has been a major justification for establishing large scale authorities. The examples now in existence of such skills being established in the private sector and offered to local authorities under contract not only provides an opportunity to save money but removes one of the key arguments against small, genuinely local, councils.

OTHER SERVICES

A number of local government services have not been considered in this section either because the expenditure involved in maintaining them is small or because the service offers little or no scope at present for alternatives to traditional state provision or because the arguments put forward above can be readily applied without needless repetition.

The construction and maintenance of public roads, for example, is an area where alternatives to traditional state funding have been considered in the past and are once again on the political agenda. Private enterprise provision of a toll crossing of the Thames at Dartford is already under way and the possibility of private enterprise built toll roads is under consideration.

Such initiatives, however, are of little relevance to local authorities since they involve additions to the trunk road or motorway network which is the responsibility of central government. Unless the suggestions put forward in the nineteen sixties for road pricing through the introduction of electronic metering are revived and implemented, local authority involvement in the construction and maintenance of minor roads will continue.

While much of that work will already be carried out by private contractors there is scope to extend that use. Many councils, for example, do not use private firms to maintain their street lighting despite evidence of the savings achieved and the superior service obtained by those who do. The opportunities to use private contractors to assist with keeping roads open in winter should not be ignored, either.

In theory there is probably nothing that local authorities do that could not be done by private enterprise or voluntary groups, either on a self financing or profitable basis or under contract. The key question in considering each case must be which method provides the best service to the consumer at the least cost.

The implications of adopting that approach for the structure of local government are considered in subsequent sections of this report.

4. CHARGING THE COMMUNITY

Whatever changes there may be in the provision of individual services, the major influence on the way councils will provide and finance those services in future will be the new community charge.

In the past, the minority of ratepayers, faced with a council they could not control, had only one option, to move. Hundreds of thousands did so, abandoning expensive inner London boroughs and major cities for the less spendthrift suburbs. Industry and commerce followed, leaving behind them the inner city dereliction and deprivation that the taxpayer is now forced to spend hundreds of millions of pounds trying to put right.

The community charge will change that situation overnight. Every voter, now faced with paying their share of council expenditure, will have a powerful incentive to consider the possible costs of their candidates' policies before they cast their vote. Officials will have to take account of the financial impact of their recommendations on the public they deal with. Councillors will have to consider the impact of their decisions on all their voters. Accountability and responsibility will reappear in many communities where, in recent years, both have been lamentably lacking.

Under the new system, every adult will have to pay their share of their council's costs, although those on low incomes or state benefits, such as pensioners and the unemployed, will receive a rebate. It is a burden that those who have never paid rates cannot be expected to welcome and, initially at least, the Government will incur a measure of unpopularity. In the longer term, however, once the campaigns of silly, mistaken and sometimes deliberately dishonest propaganda have died down, that unpopularity is likely to pass to local government and particularly to those councils whose levels of charge are seen by the new payers as unreasonable, excessive or quite simply unrelated to the value of the services they believe that they are getting.

In the future it will be far easier to make such judgements.

Comparing costs

Firstly, the presentation of the community charge demand notices, with their statutorily required comparison between the council's actual charge and what the Government believes it ought to have been, will provide a clear indication of possible overspending.

Secondly, under the new system it will be far easier to compare one local authority's expenditure with another's than is currently the case under the rating system. The complications

created by different rateable values will have disappeared while the usual claims about changes in rate support grant will be less easy to make under a system that has been considerably simplified. People will want to ask their local authorities questions which perhaps they have not asked, or been able to ask, in the past. For example, people in Glasgow might well wish to know why it costs Glasgow District Council twice as much per head to run their services as it does councils throughout the rest of Scotland.

Even under rates, with only a minority paying, there is evidence that some voters do make such comparisons. The sharp contrast between identical houses on opposite sides of the Lambeth/Wandsworth boundary is widely credited with helping the Conservatives retain control of the latter. When everybody starts to pay, such comparisons will become far more important.

A third effect of the new system will be that every additional pound increase in expenditure means an extra pound must be raised through the community charge; no longer will the non-domestic ratepayer bear half the burden. The impact of local authority spending decisions is, therefore, going to be far more clear cut to the electorate. And that effect will be increased to the extent that government grants and the business rate may be raised by less than the rate of inflation.

Some authorities will try, initially at least, to ignore this and carry on in the way they always have. The inevitable result will be to put their communities even more deeply into the kind of decline that is already a feature of some of our inner cities. Because the rates are high, people and businesses move out. That reduced the value of the rate base so that the authority had to put their rates up higher still simply to meet the same expenditure let alone increase it, causing yet more outward movement. Eventually the government has had to step in with urban aid and other programmes to bale them out.

The effect of the community charge will be to make that overspending spiral even worse. Industry and commerce may be protected but people are not. It will no longer be thirty percent of adults, or in some inner city areas as few as twenty percent, who face increasing rate bills and have to consider moving to avoid them. In future, everyone will face the pressure to move. The impact will be inescapable with local authorities in a strait-jacket from which they cannot escape. Any council which adopts deliberately high-spending policies will not be able to do so for long before the consequences make it impossible for them to continue.

The political dimension

Not all the pressure will be financial. Political pressures arising from the introduction of the community charge will have their effect, too. At the most obvious level, many people will use the ballot box to elect councillors or parties that promise

to supply services more cheaply, particularly when they can easily compare their level of community charge with that levied by neighbouring authorities.

Less obvious, but equally important, will be the pressure activists in every political party will put on their councillors to moderate the demands they make on party members' pockets. And pressure will operate in more subtle ways, too, through council officials whose advice will in future be coloured by their concern for the impact increased spending, and hence higher levels of charge, will have on particular groups that they have to deal with. The clients of social workers are an obvious example.

Such pressures must combine to force individual councils into a thorough examination of the range and level of their activities and their costs.

There may be argument about the degree to which each of these effects will operate but few will deny that they will create significant, and probably substantial, electoral and demographic pressures on authorities to reduce their expenditure, certainly down to the average of their neighbours if not to any lower level than that.

Strengthening accountability

And there are further ways that accountability could be increased putting even greater pressure on local authorities.

Publication of the comparative details of each council's spending plans could be speeded up with the presentation made clearer. Currently they do not appear until after the bulk of the financial year is over, too late to be of any real value to the interested voter, and, apart from in Scotland, they do not give a breakdown of individual council's per capita expenditure on a service by service basis. Yet it is precisely such comparisons that need to be made. A council may be efficient in some areas and not others. It may have modest spending plans in most areas but have one service where local demand has led to high expenditure. Overall totals can hide such variations and make meaningful comparison difficult to make.

The Government could arrange with the Chartered Institute of Public Finance and Accountancy, who currently publish these statistics to re-organise their presentation and dramatically speed up their publication. The earlier budgeting process required for the determination of the community charge should make that easier. If that proved impossible, the Government could undertake the publication of comparative statistics itself using its powers to require the more rapid production of information from local authorities than CIPFA, as a non-statutory body, may be able to do.

A further useful step would be to give voters the right to

requisition a referendum on the level of expenditure their councils were proposing to make. A handful of councils have, in the past, used their existing powers to organise ballots on local issues, most recently on the future of their housing stock. Some years ago, however, Coventry took the brave step of asking its electors whether they were willing to pay higher rates for better services. They received a clear "no" and have never repeated the exercise. Not surprisingly no other council has copied their initiative.

Yet it is not inconceivable that a community might prefer the priorities of one party and the proposed spending levels of another. The present system of electing councils forces voters to choose one or the other. The combination of elections and referenda would allow that choice to be made.

Improving the community charge

Accountability could also be increased if the Government were to reconsider some of the features it included in the new system which will have the effect of reducing its overall impact.

The introduction of rebates instead of raising benefits will mean a significant loss of accountability. Those who will only have to pay twenty percent of the full charge will be facing payments of around £1 to £1.25 a week. At that level, the difference between a high spending and a low spending council will not be as significant as it will be to those paying the full level of the new charge.

In addition, the retention of the government's power to intervene in council spending plans through community charge capping can only serve to reduce accountability. On the one hand, it allows people to vote irresponsibly in the knowledge that the government will intervene to prevent any serious consequences. On the other, it betrays a lack of willingness on the part of government, or at least on the part of the Treasury, to permit people to vote for high spending councils where they are willing to accept the full consequences for their actions in higher community charges.

Past attempts to limit and then control council spending through the use of rate support grant penalties and, eventually, rate-capping had the paradoxical effect of encouraging the very irresponsibility on the part of voters, councillors and officials it was trying to prevent.

Previously councillors and officials had to consider the effects of their decisions, balancing the benefits to those who gained against the cost in higher rates to local business and those of their electors who had to pay. As a result of the government's powers, they could adopt whatever policies they chose knowing that central government would have to carry much of the burden of any unpopularity without gaining any significant support. If it failed to intervene, it would be blamed by the rate-payers for not protecting them. If it did intervene, it might be given some

judging gratitude from rate-payers but would be blamed by everyone else for whatever cuts in services the council claimed to have had been forced to take.

Removing or modifying either or both of those features would help to raise the level of accountability above the increased levels of the new system of local authority finance that has already been created.

Reducing expenditure

Under the new system, councils will have to consider the practical ways in which reductions in expenditure can be achieved. Initially, assets can be sold to raise money although to the extent to which that has been done in the past, and the consequent government controls, severely limits the scope for it now. Ultimately, a reduction in costs to the community charge payer will have to be achieved through reduced expenditure, increased income or a combination of both.

The quantity and quality of services can, of course, be reduced and an attempt made to lay the blame on the Government. The ability to compare costs and services with neighbouring authorities, however, will limit that traditional local authority option. A more promising way of reducing expenditure is to pursue increases in the efficiency of service provision, or when that has reached the limit, to look for private contractors or private partnerships who can provide those services more cheaply still.

The work of the Audit Commission, backed up by the experience of those councils who have willingly embraced competitive tendering suggests that total council spending could be significantly reduced by the use of private contractors. Savings of the order of fifteen to twenty percent, and sometimes much more, can be achieved. Significantly, the savings are not always made by actually using the outside contractors; sometimes the in-house service that is forced to compete for its work will, in fact, come up with competitive tenders even cheaper than the private sector can.

It is inevitable that local authorities, when they face the reality of the community charge, will find themselves driven to seek competitive tenders, even where they are not forced to do so by government legislation.

Charges for individual services

Some additional income could be raised through increasing and extending the charges councils make for the services they provide.

Councils currently charge rents for their houses, fees for their night classes and sell tickets for their leisure and recreation facilities. Football grounds must pay for the police to attend matches, businesses have to pay to get their refuse collected, while applicants for planning permission or taxi licences have to

pay a fee. In all, charges at present provide on average something like seventeen percent of a local authority's income: the largest item in that being council-house rents.

In the second reading debate on the bill to introduce the community charge the point was made by the former leader of Sheffield City Council, David Blunkett, that: 'Those who cannot afford to pay will not only end up paying more but will be paying for services which are in the main consumed largely by those who can afford to pay'.[10]

The reality is that many local authority services, particularly in the area of leisure and recreation, are used far more by the middle classes, who could afford to pay more for them, than they are by the low-income groups which councils claim to be helping by providing the service free or by subsidizing the charges they make for it.

Many local authorities will face up to that reality and set a more realistic level of charges for the services they provide. The majority of local authorities now balance their housing account and do not make any subsidy from the rates. There seems no good reason why they should not seek to achieve the same kind of result with many of their other services -- such as swimming pools and leisure centres. They will still be able to continue to help those they regard as less well-off through giving concessionary rates and concessionary prices but the bulk of people who use these facilities should be expected to face much more realistic charges.

Changing government policy

While recent and forthcoming changes in legislation will give local authorities greater scope for generating income from the users of their services and reducing the cost to the rest of the community, the Government could do still more to encourage such realism on the part of local authorities.

It should adopt a more sensible approach to the whole question of pricing policy. Councils should be free to charge for any services they wish and not bound by curious rules such as those planned for the library service which will permit charges for the loan of a recording of a classical symphony but not for the loan of a run of the mill romance. While a maximum limit for charges may make sense where the local authority possesses a statutory monopoly neither government imposed maxima or minima make any sense where charges are voluntary. Indeed, fixing a minimum level of permissible charge in such circumstances may simply have the effect of ensuring that no charges at all are imposed.

A final policy worth considering would be to extend to other areas of council activity the same kind of rules which govern the detailed accounts of, and restrict the levels of subsidy to, areas like council housing, direct labour organisations and

[10] Hansard, 17th. December 1987 (Col. 1271)

municipal transport undertakings.

Increasing the levels of charges will have major implications for the provision of such services. In some cases it may become clear that there is insufficient demand to justify continuing to provide a facility. In others, private companies may find it more worth their while to provide an alternative to that service. The existing moves towards introducing competitive tendering for the management and maintenance of leisure and recreation and other facilities may well lead to more councils selling some establishments to the private sector or seeking partnerships with private operators to run them on a profit sharing basis.

The effect of creative accounting

There are some authorities who have undertaken major economic commitments by, for example, technically passing over their assets such as street lighting, library books, council buildings and, in one case, a municipal abattoir to overseas banks in return for loans on which the interest payments were deferred for a number of years. Many of these loans were no doubt arranged in the hopes that a change of government might bail the authority out of its repayment problems.

It is not inconceivable that in one or two of these cases, the community charge paying electors might decide that they are not willing to meet that bill when it comes due. They could elect a council prepared to default on these loans. Indeed, for those authorities who have got themselves very heavily in debt with this kind of deal the only way out of their future financial problems might in fact be to default and go bankrupt. Quite what the implications would be for the Japanese bank which found itself the owner of street lights in Camden, or a collection of old library books in Manchester, is for speculation. But it would provide a salutary lesson, both for local authorities and for those financial institutions overseas who have acted rather irresponsibly in the way they have helped local authorities in this country.

The ultimate result of the community charge, in the longer term, will undoubtedly be local authorities considerably slimmed down in the activities they do, more efficient in the way they do them, and much more involved in deciding the quality and level of service that is to be provided than they are in actually providing it themselves.

5. THE RATE OF REFORM

Local government is in the midst of a profound but largely unplanned period of radical reform with its powers and responsibilities being gradually diminished as individuals and groups take the opportunity afforded by the legislative changes of the last decade to take control over important areas of their own lives into their own hands and out of the hands of councillors, council officials and, sometimes, council unions. It faces an intensification of that radical reform with the introduction of the community charge.

While the present Government came to power with little in its manifesto that could be described as radical or revolutionary, ten years later a transformation is taking place and there is now emerging a clear philosophy and the basis of a coherent policy to translate it into action.

On their own, the changes already put in place or planned will, within the foreseeable future, substantially reduce the role of local councils to the point where the need or justification for two tiers of local authority will no longer exist.

The gradualist approach

It is, of course, possible to argue that, just as the piecemeal approach so far adopted has permitted a process of radical change to take place without serious opposition from local authorities, so too the reforms already made should be allowed to lead, over time, to profound changes taking place in the nature of local government. Such a gradualist approach would, after all, avoid the need to take any clear, definite and potentially very unpopular policy decisions.

More and more houses would be sold or transferred to other landlords, increasing numbers of schools would opt out, the proportion of services provided by private contractors would steadily increase. Under pressure from their community charge payers, councils would have to make a thorough examination of and then reduce the range and level of their activities and their costs.

All of these factors would if they were not reversed by a change of government, lead eventually to leaner, more efficient local government. As the pace of that change built up a momentum of its own, the case for further structural reform would become difficult to resist. As substantial parts of the public sector housing stock and significant numbers of schools were transferred completely out of local authority control, the major areas of expenditure of the two existing tiers of local government would be substantially reduced leaving the largely two-tier structure of local government, designed in the expansionist sixties,

...inappropriately inappropriate. Single tier, all purpose authorities
...become inevitable.

...who argue for the gradualist approach must recognise,
...that few of these projected changes will be rapid. Most
...slow. And all of them will be bitterly resisted by many
...government.

Bureaucratic resistance

...organisations possess an inbuilt tendency towards
...growth and local government is no exception to the
...All of the trends identified by C. Northcote Parkinson in
...perceptive books can be as readily observed in Britain's
...offices as in any government department.

...are attracted by the higher salaries and increased
...prospects that an expanding department can offer. They
...fight to try and prevent reductions they see as threatening
...established positions. The responses can readily be seen.
...increase in the workload, however small or obviously
...temporary, is used to justify calls for an increase in staff.
...reductions in the workload, however large and long-term, seldom
...lead to suggestions for redundancies. The normal reaction is to
...assert that they offer an opportunity to improve the quality of
...service.

...that bureaucratic tendency is augmented by other negative
...factors. Many of the more able and intelligent employees who
...have been expected to welcome the challenge of change will
...already left to seek that challenge, and the rewards it
...offers, in the private sector. Initiative and enterprise are
...difficult to encourage under a local government system that
...rewards perceived responsibility rather than actual results.
...nationally negotiated wage rates and salary levels tied to
...broadly graded jobs make it almost impossible to reward
...standing ability through higher pay, even in the more highly
...commercial operations most under threat from private enterprise
...competition.

...introduction of fixed term contracts and performance related
...by a handful of local councils provides a possible answer but
...has little appeal to the majority of officials, even less to
...majority of councillors and virtually none at all to most
...local government trade unions.

...many of the officials that remain in local government will
...at best, unenthusiastic about radical change or, at worst,
...straight hostile. They will be encouraged in their negative
...attitudes by the politically attractive, but quite misguided,
...adoption of "no redundancy" policies which tend to preserve
...broad and top heavy administrative structures while making it
...difficult to get rid of the incompetence and inefficiency that
...flourishes where people know they have a job for life.

Political fightback

The resistance to change on the part of officials will be fully supported by their elected councillors. Many see their time on the local authority as a convenient stepping stone towards a political career. Expanding services, especially those which give goods or services to a large number of voters, have a considerable attraction. Conversely, any action which might incur some unpopularity is likely to be resisted. Cutting services and creating redundancies will not be willingly pursued.

Those councillors without political ambition seldom have the time, the experience or the ability to impose proper control over what their colleagues and their officials are doing. They are seldom capable of resisting recommendations for increases in staff or higher gradings. Where the recommendations are couched in terms of increasing the service to the public, any opposition becomes doubly difficult.

Against that background of inbuilt self interest, few opportunities will be missed to slow the pace of change and every chance will be taken to reverse it. Throughout, the local government lobby will protest, as it has for most of the present century, that central government is destroying its independence, a claim that bears as little relation to reality as does that supposed independence.

Such slow and bitterly resisted progress will not be in the interests of either local government or of the people it is supposed to serve. For that reason, if no other, there is a need to consider now the case for more rapid and radical reform that will create local councils which are efficiently operated, properly managed, genuinely independent of central government yet fully accountable to their local electorates.

At some point the questions must be asked, why wait while an increasingly inappropriate and costly council structure fights to frustrate, or at least delay, the transfer of its powers and responsibilities to ordinary people? Might it not be better to recognise the long term implications of current trends and set out now to create a local authority structure more appropriate to the reduced role local councils will inevitably perform in the future?

LOCAL OR GOVERNMENT?

Often, in the past, there has been an unfortunate tendency to see local government in terms that have nothing whatsoever to do with the services it supplies or the local functions it performs. Political committees, for example, often depict local government as a potential counter-balance to what they consider to be an over-powerful central government.[11] In the limited sense that a significant number of local councils will tend to be controlled by political parties opposed to the government in power, there may be a limited truth in the proposition. But it fatally fails to recognise the fact that local authorities are today entirely creatures of statute, legally constrained to do, and only to do, what the law of the land lays down. Every government possesses the power to change the status and responsibilities of local government. And every government of left and right has chosen to do so.

It also ignores much better ways of restricting the power of the state such as devolving as many as possible of its functions direct to individual citizens. People faced with the loss of direct control over an area of their own lives are far more likely to protest than they are over transfers of power and responsibility from local councils to central government.

Others, with a more romantic view of local government, see it as providing a valuable expression of local identity, offering a focal point through which a community can express its character and identity. In the past, there may have been some basis for such a belief but the reforms of the nineteen seventies with their creation of larger and more remote local government areas did much to destroy people's identity with their local council.

Councillors and their officials take a more practical view, usually arguing that the powers of local government should be increased, explicitly at the expense of central government but often, if much less explicitly, at the expense of the individual. Attacks on the legislation giving tenants the right to buy their homes and parents the right to help govern their children's schools are, for example, always expressed in terms of the government interfering with the rights of local councils, never in terms of those councils wishing to restrict the rights of their residents.

Their view of local government is no more acceptable than that of the academics and the romantics. It rests on a fundamentally collectivist view of society that only disagrees with central government over who should exercise that collective power and how

[11] See for example the report of the Committee of Enquiry into The Conduct of Local Authority Business (Cmnd. 9797, London: HMSO, 1986) (Pages 48, etc.)

they should do so. Whichever political party is in power at Westminster, its opponents in power in local authorities will argue for greater power and greater freedom in how it is used. Increasingly frequently, they will claim the right to take stances on matters far beyond the ambit of local government under the guise of protecting local people from the consequences of government actions. Their election in thirty percent polls will be claimed to provide a superior democratic legitimacy to that of a government elected in polls of more than double that level.

Whenever there is a change of government the roles change. Those who previously attacked central government interference now see it as beneficial and support it. Those who previously upheld the rights of central government to intervene now vigorously attack the exercise of that right.

Seldom, if ever, does anyone in local government adopt a realistic and consistent approach to the functions and structures of local government, one that takes into account the services they can or should provide and the methods of paying for them. Their failure to do so is not surprising. Councillors and officials both have an interest in maintaining and expanding the powers of local government as a means of increasing their own power, position, pay and prestige.

Controlling the purse strings

A major weakness of local government lies in the fact that councils raise so little of the money they spend from those who elect them. At present councils only raise around half of their income locally, with the remainder coming from government grants. And half of the money they do raise locally comes from industry and commerce.

When the new system of financing local government comes into effect, only the community charge will remain under the control of the local council. Although the figures can be presented in a variety of ways, effectively councils will only be able to control something around a quarter of their income.

It is a curious contradiction in the arguments of those who traditionally argue for greater local government independence that they accompany their calls with demands for greater government grants so that councils are less dependent on their ratepayers. In reality, the contrary is the case. If councils are to have any increase in their freedom of action it can only come through a much reduced reliance on funding from central government.

Heavy dependency on central government funding leaves councils vulnerable to changes in national policy such as when, in 1976/77, the intervention of the IMF called a halt to the party or, in more recent years, when government has cut grants both as a matter of policy and as a crude and not very successful weapon in an attempt to cut overall council spending.

Bridging the gap

So long as councils remain responsible for the present range of services the gap between what they spend and what they can raise locally is unbridgeable. To fund present levels of expenditure entirely from rates would mean, on average, a doubling of their level. In some areas the increase may be lower but in others it would be far higher. To fund it from the community charge when that is introduced, assuming the level of business rate remains largely unchanged, would mean levels three or more times higher than those currently predicted.

The protests that accompanied the 1984/85 rating revaluation in Scotland from people facing a thirty percent increase in their rate demands makes it abundantly clear that such rises would not be politically possible. The only way that reliance on government grants can be reduced is by a reduction in the services councils provide. The greater the reduction, the less the reliance.

As already discussed earlier in this report, it is clear that in the long term much of local authority control over education is going to disappear as increasing numbers of schools opt out of local authority control. One way in which to eliminate reliance on government grants totally would be to accept that loss as inevitable and seek to undertake the total transfer of education now. The level of expenditure on education is broadly equal to the current level of government grants. The transfer of that one service alone from local authority control would allow dependence on central government grants to be ended.

In the short term, there will be many schools whose boards are insufficiently enterprising or experienced to undertake the burden of fully managing their own school. It may, therefore, be that some government appointed agency would have to be set up, similar to the residuary bodies set up when the GLC and the Metropolitan Counties were abolished, with the responsibility of providing the management for such schools and working with them towards a position where they could become fully self governing.

Removing business' burden

The unified business rate, however, is far from an ideal tax. While it is a marked improvement on the current rating system that allows many inner city councils with a low number of domestic ratepayers to increase their rates with impunity, it will remain totally unrelated to a business' ability to pay and can be a crippling burden on many businesses who require large premises but have low profitability. And, it must be noted, many councils charge businesses for some services which domestic premises receive free.

Non-domestic rates currently bring in about twenty-five percent of council income and it is unlikely, at least initially, that the unified business rate will raise any less. Over time, however, pegging any rise to the rate of inflation may well see

that proportion slowly decline.

It is, of course, open to the government, should it so wish, to abolish the unified business rate and replace it with higher taxes on business profits, distributing the money raised among councils in the same way as it proposes to share out the proceeds of the uniform business rate. There are a number of arguments against such a step, the most important from a local government point of view being that the existence of the business rate at least guarantees a distinct and readily identifiable source of specifically local government income, albeit one that is ultimately controlled by the government on a national basis rather than by each council on a local basis. If the money were to be raised by increasing other taxes on business it would inevitably be as part of overall government income and both the amount and the way it was distributed would be subject to every shift in government policy.

If there is to be any significant reduction in business rates, let alone their elimination, it is in the interests of local government to seek it through further radical reductions in the range of services they currently supply.

Cutting costs

In aggregate, about ten percent of local government expenditure is devoted to maintaining police forces. If responsibility for the provision of all except neighbourhood policing were transferred to central government that cost would be reduced by perhaps three quarters. If local leisure, recreation, library, museum and art gallery facilities imposed economic charges or were privatized that would reduce expenditure by a further four percent. Accepting a reduced role in other areas such as planning, industrial development, and regulation, extending the use of competitive tendering to a much wider range of activities, and making a greater and more imaginative use of voluntary agencies to provide social services could together cut expenditure by a further three percent, and perhaps as much as five percent.

Further savings would arise from the reduction in services provided. One result of such a radical reduction in the role of local government would be completely to remove the case for a two-tier system of local councils. The creation, in their place, of more locally based, single tier local authorities would allow further savings to be made in bureaucratic overheads and in the simplified administration of those services for which responsibility is currently shared.

In conjunction with the elimination of business rates it would be appropriate to introduce charges for services industry and commerce currently receive free. Provision of fire and local police services could be charged for on the basis of a percentage of the insured value of the property and contents. Collection of refuse and waste, where charges are not already

made, use of reference library and other information services and, where colleges remain under local authority control, the provision of college courses to trainees and apprentices are all examples of identifiable services which business could be asked to pay for. They would, of course, enjoy the full right if they felt those charges to be too high to seek the services elsewhere.

The eventual savings from the above proposals, coupled with the results of the kind of other cost cutting, revenue raising and privatization options discussed in Chapter 4 above could well be sufficiently great to allow the unified business rate to be abolished, leaving local councils free to raise all the money they need from the people they represent.

Towards local freedom

The compensation for such a substantially reduced role would be the far greater freedom that local councils could enjoy. Totally independent of any income from central government, they would no longer be subject to unpredictable changes in national policy but would be free to undertake any activities that their local electors were willing to support and pay for.

Such freedom, however, could not be unlimited. The pressures towards expansion would still exist and the lessons in creative accountancy that have been learnt over recent years would not have been forgotten. Local politicians would still be able to juggle their budgets so that election year expenditure was more acceptable than might otherwise have been the case. Without the controls that have been painstakingly built up by the present government, it would still be possible for a council to expand its activities while arranging to pay for them in ways that would not impinge upon present-day electors. As with much recent municipal financial ingenuity, the bills would have to be paid by an unfortunate future generation.

A way of preventing such abuse of power would be to adopt the idea, widely used overseas, of requiring any proposal for major expenditure that involved borrowing to be approved by a ballot of all the council's electors. Indeed, there would be a strong case for giving the residents the right to requisition a referendum at any time on the council's expenditure plans.

It is now over a decade since voters in California used just such a power to impose sweeping cuts in the state's property taxes bringing an abrupt halt to the previous, apparently inexorable, growth in local government spending. Other communities with similar powers followed their example launching a wave of innovation as councils faced with bankruptcy sought ways to cut their costs and increase their efficiency. There seems no reason why giving voters here a similar power to curb their council's spending should not produce similar benefits.

SIZE OR SMALL

The Redcliffe-Maud Royal Commission commissioned research into the evidence for and against the argument that larger local authorities would be able to produce economies of scale and greater efficiency. The results were clear. "The over-riding conclusion which emerges from the three studies by outside bodies and from our own study of staffing is that size cannot statistically be proved to have a very important effect on performance." [12] An analysis of present per capita expenditure tends to confirm those findings. The city of Glasgow, for example, spends twice as much per head providing its services as the rest of Scotland. There is no evidence that those services are in any way better, provided more efficiently or more cheaply because of the city's superior size. Indeed, the available evidence would suggest that the opposite might well be the case.

Finally, there is remarkably little evidence that the re-organisation of local government in the nineteen-seventies led to any significant economies in the provision of services or the administration of local authorities.

Nevertheless, a major factor in determining the size of local authorities at re-organisation were estimates of the minimum size considered necessary for the efficient performance of particular functions or provision of particular services. It was, for example, unkindly suggested that the size of top tier authorities was determined by the level at which there would be a full time job for a school piano tuner.

The weakness of that approach, even assuming there were efficiencies and economies to be gained, is that the entire analysis depends upon the assumption that the authority will eventually provide the services itself. The moment that outside contractors are used, the question of size becomes irrelevant. The private companies which win the contracts will naturally seek to attain the optimum size, bidding for a variety of smaller individual contracts to reach it.

Another argument sometimes put forward in favour of larger authorities is that they allow a measure of redistribution of income as costs are spread over a wider community. Quite why those who have freely chosen to move out of high rated areas, and thus to forego the superior services they are claimed to provide, should be dragged unwillingly back into the net is never justified except in terms of spreading the burden more widely. It is an argument which would logically justify total central funding of local authority activities, something which would be anathema to most supporters of strong local government. In any

[12] Report of the Royal Commission on Local Government in England (Cmd. 4040, London: HMSO, 1969)

As the major services provided by local government devolve to individuals the case steadily weakens.

It is further argued that those who live outwith the major urban areas should be brought within their ambit so that they make a contribution to costly city services they are presumed to use such as libraries, art galleries and subsidized public transport. This is an argument with minimal justification. Such services constitute only a small part of total council expenditure. The residents who use them are normally working in the area and their employers are contributing heavily through their rates. If these services were properly priced the problem would not arise even were they to remain subsidized it should not be beyond the wit of a local council to make appropriate charges, or substantial charges, for the use of its services by those who do not live within its area.

The introduction of the community charge further weakens the case for large, broadly based local authorities. When local council income is derived equally from all its residents and when business rates are distributed on a per-capita basis, there are no benefits to be gained by incorporating the more highly rated urban areas and none to be lost by allowing their secession. Hence, that is, the council intends quite improperly to discriminate against the suburbs and provide them with inferior services.

It could be argued that large areas are required to give the necessary size of income to finance large projects but that is to raise the question of why such projects should be undertaken if there is not sufficient demand willing to pay an economic price for the facilities they offer.

Natural communities

If some theoretical optimum size can be disregarded as a factor in determining how big local authorities must be, then it becomes possible to move towards a new pattern of local councils related to the kind of natural communities that people themselves identify with. Some of the artificial linkings of largely unrelated communities created at reorganisation can be divided into new and more meaningful districts. Some city suburbs might wish to take the opportunity to develop their own distinct identity by seeking a council of their own.

An average size for these new authorities might be a population of the order of 40,000 to 60,000 but there seems no reason why smaller communities should not be recognised if those who live in them believe they can be viable. Determining the wishes of communities and the best boundaries for the new councils should be the responsibility of the Local Government Boundary Commission who carried out just such a consultative exercise as part of the 1974 re-organisation. Its remit on this occasion, however, should be to seek, and take full account of, the views of ordinary individuals rather than rely on the opinions of local councils.

BEYOND THE COUNCIL CONCEPT

Alternatives to local government have been given serious consideration at various periods over the past century. The idea of private enterprise creating completely new towns was pioneered by Ebenezer Howard at the end of the nineteenth century. In essence, land was to be purchased at agricultural prices and a properly planned town built on the site with the income from rents covering the cost of providing services normally provided by local authority and the increase in the value of the land, created by the development, used to benefit the community.

The concept found practical expression through the foundation of Welwyn and Letchworth as completely new communities. Both were initially developed by private enterprise joint stock companies although Welwyn was "nationalized" under the 1946 New Towns Act and Letchworth eventually became a public trust.

Bypassing local authorities

Since the Second World War, governments of both left and right have found it convenient to develop both public and private institutions that carry out various local government functions but without suffering what are commonly seen as the delays and drawbacks of democracy.

The idea of Government appointed and financed new town development corporations was introduced by the Labour Government in 1947 and such bodies were appointed by succeeding governments, regardless of political persuasion, up until the early nineteen seventies. Though now abandoned as a means of creating completely new communities, the idea of state development corporations has been widely used by the present government as a method of reviving the decaying dockland areas of London and Liverpool and, more recently, a number of similarly run down urban areas.

In the aftermath of the troubles on Merseyside it experimented in the renamed Stockbridge Village with a new form of quasi-private community trust which was to take over a complete council estate, run it as a commercial concern, financing a substantial programme of improvement through the sale of vacant sites for building. The experiment was not an unqualified success, encountering serious financial difficulties when the assumptions, estimates and projections, which had been made somewhat hastily, turned out to have been rather optimistic.

The Thamesmead Experiment

Learning from the lessons of the Stockbridge Village experiment, a far more extensive initiative was set in train on the demise of the Greater London Council. On 1700 acres of the former Plumstead

... the council had been developing Thamesmead as a local authority new town. To continue the development after the GLC was dissolved, the residents were given two options, to come under the control of the London Borough of Greenwich or to transform themselves into a community town, organised as a private company limited by guarantee with a board of directors largely elected by the local residents and under the initial chairmanship of Clive Jackson, former General Manager of the Abbey National Building Society. In a ballot they chose the latter but lengthy negotiations with the London Residuary Body and court action by the local authorities delayed the actual transfer of full control until the end of July 1987.

Although not a local authority, Thamesmead Town carries out many functions that in more conventional communities would be the responsibility of local government. It owns and manages around 1,400 houses, 150 industrial and 55 commercial tenancies. It manages and maintains over 200 acres of parks, open spaces and water areas for leisure use and supports a wide variety of local community organisations. It is even seeking the conversion of a local school into a city technology college. Its current five year development programme includes marketing over 100 acres of residential land, over 30 acres of industrial land and expending around £50 million of civil engineering, building and landscape work.

An example for others

Although it is clearly too early to come to any final judgement on the level of ultimate success this "unique experiment in social policy"[13] is likely to achieve, Thamesmead Town has approached its task with a level of initiative and enthusiasm not found in many local authorities. In its first eight months in operation it took steps to clear the backlog of outstanding applications by tenants to buy their houses and reached agreement for the sale of more industrial land than the GLC had achieved in any full year of the town's history. It has even abolished the traditional distinctions between clerical and manual workers.

The only regrettable feature of its record to date has been the actions of a handful of London local authorities, fearful of the implications of the town's likely success, who not only tried to frustrate the residents' clear cut decision and prevent the original transfer but have subsequently seized upon every opportunity to undermine the new company's image.

The results to date at Thamesmead suggest that there may be an attractive and viable alternative to the traditional forms of local government in which communities could resolve to transform all or part of their local authority's functions into a form of community company operating under company law instead of local government law.

[13] From the Chairman's Statement included in the Thamesmead Town Annual Report 1987/88

already noted above services traditionally provided by local government in Britain are often provided by private companies, sometimes but by no means always employed to do so by the local authority. Sometimes local residents or commercial ratepayers use those services for themselves without the intervention of the local authority.

COMMUNITY COMPANIES

A community company would own and manage all the properties and assets of the former council, or those related to particular services if it did not take over the entire functions, with its articles of incorporation spelling out its responsibilities to the local residents. Those residents would become shareholders of the new companies and would elect a board of directors.

ISSUING SHARES

There are a number of possible models which might be used. The simplest is the system at Thamesmead where every resident over the age of eighteen has a vote but no formal share as such. A more traditional system is that of the "par value co-op" where every existing resident would receive a non-transferable share with a nominal value of perhaps £1. Incoming residents would purchase a share for the nominal £1 while those leaving the town would surrender theirs for the same amount. Neither of these forms of co-ownership, however, allows the residents to gain any tradeable benefit from investment in their community's development which they helped finance through their rates and community charge payments.

It would be felt desirable that residents who may have paid above average rates, or in future community charges, to help finance the provision of valuable local amenities should be able to recover some of the value of their investment on moving away then some form of more normal shareholding would be appropriate. A system which retains equality amongst all residents is that used by co-ownership co-operatives in this country and in some communities such as the Mondragon co-operatives in Spain. Each resident would hold a restricted equity share which newcomers could purchase from the company on moving into the town while those who left would sell theirs on leaving. The value of the shares would increase or decrease in value reflecting estimated changes in the value of the community's assets.

A final option would be to adopt the more more typical public company structure where residents would be allocated shares in the new company which they could freely buy and sell. If money were needed for investment in the community's facilities there would be opportunities for those residents who wished, and perhaps financial institutions and outside investors, to purchase additional shares as an alternative to sanctioning increased borrowing. Under such a system it would probably be desirable to

ownership of voting shares to residents but outsiders and institutions could invest through the purchase of non-voting shares.

The management board of the company and its executive personnel would be chosen under standard company law. It would establish commercial and contractual relationships with both public and private sector bodies. Its prime task would be to manage the town and its assets to the best advantage of the company's shareholders, the local residents. They would administer the houses and the non-residential properties, and manage the services and the land in such a way as to maximize their commercial exploitation to the advantage of the community.

Free of the normal constraints on local authority activities they would be able to operate commercially, offering services to other communities, to public bodies and, of course, to private sector companies.

Councils and companies compared

Table 3 list the salient features of companies and local councils and indicates how they differ.

Table 3 A comparison of council and company features

Feature	Councils	Companies
Membership	Electorate	Shareholders
Management	Councillors	Directors
Control of Management	Elections	Annual General Meetings, Resolutions, Appointment of Directors
Functions	Specified in legislation	Specified in the company memoranda
Controlling Rules	Local and Civic Acts with the Representation of the People Acts	Companies Acts, Memorandum and Articles of Association

Some of the advantages offered by company law are that directors are at all times answerable to their shareholders. General meetings must be held at least annually and shareholders enjoy the power, under certain circumstances, to require that an extraordinary general meeting be called. Councillors, in contrast, cannot be required to account for their actions during their term of office and the only challenge open to electors is

to initiate court action where they believe a council, as a whole, has acted outwith its legal powers.

Shareholders have a direct say in company policy by means of resolutions at general meetings. Most require a simple majority to be passed but on some matters the proportion needed in support may be as high as three quarters. As electors they have no such say over what their local council does, or does not, do.

Companies are autonomous, unlike local authorities whose functions are laid down in legislation. A company's aims and functions are initially chosen by the original subscribers to that company and are stated in its memorandum of association. They may, however, be changed from time to time by means of a special resolution requiring a three-quarters majority of the shareholders to support it. As such, the suggested community towns would enjoy greater freedom than councils to act outside their own area. If they were successful they could compete with more normal private sector companies to win contracts to carry out work for other local authorities

Safeguarding the public

The transformation of a local authority into such a company would represent a radical departure from established practice, but not one in any way devoid of precedents or legal safeguards. Company law, as it relates to the rights of individual shareholders, is well developed, and generally offers the individual greater access to redress than he or she would have in a dispute with a local authority.

In framing the legislation to permit communities to opt for such changes some adaption of existing company law would be necessary, for example concerning the nature of elections where it would be desirable to have some kind of "constituency" basis, as is done at Thamesmead, rather than the normal company procedure of a simple majority being able to elect all directors en bloc. It would also be advisable for the government to establish by legislative precondition some of the limits to which the new bodies would be subject. It might even be thought advantageous to establish a small agency to oversee and monitor the activities of the new bodies, and to act as a combination of regulatory agency and first court of appeal. Similar bodies were established to deal with the newly-privatized telephone and gas companies. In the case of the new community companies the scale would be, initially at least, very much smaller, even though the principle might be similar.

Both legislative preconditions and a monitoring agency would serve to reassure the public during a step into the unknown. This is probably more important than any real function they might be called upon to exercise. Their presence is to satisfy possible objectors with the assurance that adverse contingencies have been anticipated and dealt with.

PAID TO BE POLITICIANS

While reforms of the nature and extent outlined in this report will reduce the range of responsibilities undertaken by councillors it will still be necessary to provide them with some form of recompense for the time they have to spend or, more realistically, choose to spend on council business.

There is little disagreement with the reimbursement of travelling expenses or the payment of subsistence allowances but payment of an allowance for the number of meetings attended has been an area of constant controversy since local government was last re-organized.

Prior to 1948 councillors, except in Scotland, were largely unpaid. From then until the nineteen-seventies re-organization, councillors with jobs were entitled to claim a tax-free financial loss allowance, in recompense for lost earnings, a provision that was normally interpreted sufficiently widely to allow self-employed people to claim if they could prove that they had incurred extra expenditure by, for example, employing someone to take their place at work. At the re-organization of local government, the maximum amount that could be claimed in this way was £10 per day.

Too many meetings

With the new system of local government came a new system of payment. Henceforth, councillors could claim a flat-rate daily attendance allowance for a range of "approved duties", some defined in statute and others determined by the council. While the maximum amount of each such payment was fixed by the government, individual councils could fix lower maxima if they wished.

The new system never proved popular, leading many critics to claim that too many council meetings were called for the sole purpose of enabling councillors to claim allowances, that maximum allowances were paid for meetings lasting a matter of minutes and that some councils had interpreted "approved duties" to include party meetings, other political functions and social events.

In December 1976, the Robinson Committee was set up to conduct a full investigation into the question of councillors remuneration. It recommended a basic annual payment of £1,000 a year (equivalent to around £2,900 at today's prices) plus the payment of financial loss allowances for a restricted range of approved duties and an additional payment to the ten percent of councillors who were considered to be undertaking "special responsibilities." [14]

[14] Remuneration of Councillors (Cmd. 7010, London: HMSO, 1977)

The recommendations did not find full favour with government. Instead, they introduced the financial responsibility allowances and offered financial loss allowances, but only as an alternative to continuing attendance allowances. The idea of paying any form of flat rate annual payment was rejected.

The Widdicombe Committee, appointed in 1985 principally to enquire into local government practices and procedures, also considered wider aspects of local government. It proposed that there should be a basic flat rate allowance for all members of local councils ranging from £1,500 in the smallest authorities up to £4,000 in the largest. It also recommended the retention of a revised system of special attendance amounting in aggregate to £2,300 in the smallest authorities up to £50,000 in the largest.[15]

The Committee estimated that their proposals might treble the total bill for councillors' remuneration from £18.5 million per annum, excluding travel and subsistence, to about £56 million but commented: "We believe this is a remarkably low price for a system of democratic representation." [16]

Flat rate payments

While not endorsing the Committee's recommendations in full the Government have now accepted the idea that there should be a basic flat rate allowance "as a simpler and more satisfactory method of remuneration than the current arrangements." They do not accept, however, that there should be any overall increase in the total amounts paid to councillors. Nor do they accept that the levels of payment should vary according to population covered by the authority. They propose only to vary them according to the type of authority.[17]

The problem with the Government's approach is that it takes no account of the wide variations between authorities of the same type. While the London Boroughs and the Metropolitan Districts in England may be broadly comparable, although even that is open to argument, district councils vary considerably in size from small, sparsely populated rural areas up to cities with populations measured in hundreds of thousands. The number of councillors, the size of their wards and hence the commitment they have to give vary almost as widely.

Equally variable are the expectations local electors have of their councillors. Residents of a rural area may prefer a large council made up of part timers serving small number of electors whereas those in a city may wish to see a much smaller council made up of people who represent large electorates and are

[15] The Conduct of Local Authority Business (Cmd. 9797 London: HMSO 1986)

[16] *Ibid.* (Page 134)

[17] The Conduct of Local Authority Business -- The Government Response (Cm 433, London: HMSO 1988) (Pages 9 to 11)

effectively full time and more professional in their approach.

Reflecting local preferences

One way in which variety and local preference could be recognized would be to adopt a flexible system under which a centrally determined formula fixed the maximum amount that any council could distribute in basic allowances to its members. That formula would have to be based on the total population served by the authority but with some allowance built in for the relative sparsity of the area concerned to reflect the problems of representation and travel created by serving a scattered community.

Once the total amount available had been determined in this way it could then be left to local choice, either expressed through the council itself or through a local referendum, as to what size of council they wished to have and hence the level of payment each councillor would receive.

Given that a single tier of authorities is a likely product of change, and that councils would represent an average of 40,000 to 60,000 population, albeit with local variations, the number of councillors to serve those numbers might be fairly constant in practice, even if local choice were to be allowed. There is also the fact to be taken account of that local authority functions will be very different. With some items taken out, and others performed by independent contractors, the question arises as to how many councillors will be required.

The implication of this analysis is that the need will be for a smaller number of more professional councillors of higher calibre than at present. Even if councils were to be given a choice over numbers to share an allowance allocation, a likely result would see the emergence of more streamlined and more effective slimmed down councils. There will be a smaller number of councillors, but they will be paid more.

Cabinet government

The evolution of local government in the past decade has been toward more business oriented activity. The use of contractors has been one feature, more sophistication in management and control has been another. Increasingly local government is coming to be a business activity, and it is hardly surprising if its structure and organization change to reflect its new function.

With the changes in function described above, and the move to single tier authorities of the size indicated, a logical step would be the development of cabinet style government. The elected councillor would preside over a department, much as a government minister does. He or she would be supported by a high quality civil service to implement decisions taken at the political level. The run of the mill council committee meetings taking place several times a week would become meeting of officials. The

need would not be for large numbers of councillors with spare time to attend such meetings, but for smaller numbers of higher level councillors to head local authority departments.

This would be a substantial upgrade in the status and ability level required of local councillors, and in the responsibilities and career opportunities for local civil servants. This would further reinforce the pressures already noted which indicate the trend to fewer but better paid councillors. With the caveat that considerable local variations would exist, there are good reasons to expect that the councils of the future will be the single tier authorities described here, that they will represent some 40,000 to 60,000 population, and that they might have one third to one quarter of the number of present councillors, with each one paid substantially more than their present counterparts.

The effect will be to produce more businesslike councils and much more businesslike councillors. Perhaps as the century draws to its close, so too will the era of the amateur councillor. The steady growth in council responsibilities has been set in reverse during the past few years, but not the need for competence and better management skills. The need to handle outside contractors and to administer smoothly and professionally the services sought by the community are different orders of skill to those formerly required of local political representatives. The world of local government has changed and is changing yet more; those who preside over that world must change to meet its new challenges.

10. THE REWARDS OF RADICAL REFORM

Such radical reforms as those suggested above would create a form of local government where councils were closer to the people they served, were more accountable to them and more responsible for the decisions they made. And the pressure from their community charge payers, as voters, to keep costs down would ensure that many of the changes that have had to be forced on an unwilling local government in recent years were willingly maintained in place.

Such changes could also help attract back into local government some talented people who could have made a useful contribution as councillors, people who have been put off by the sheer volume of unpaid time that membership of a local authority now demands. No-one of ability already in employment can be expected to give up time, and probably promotion prospects, to sit at interminable meetings discussing the provision of council services in detail when what they should be doing is determining the level of service required and directing the activities of qualified officials and outside contractors to ensure it is provided.

A slimmed-down, more efficient, single tier local authority, with a clear division between policy determination and implementation should also be much more attractive to officials.

Twenty years ago the Maud Committee suggested that if councils wanted to attract the best officials and the best people to be councillors then they had to separate out the functions of each. Councillors should concentrate on policy while officials concentrated on carrying that policy out. Nobody at the time took a great deal of notice and, when local government was subsequently reorganized, the traditional confusion of roles continued largely unchanged.[18]

It may be one of the incidental consequences of the changes now taking place in local government, and the more radical changes suggested above, that we now begin to approach something of the kind that Maud was suggesting.

In the conclusion to their report, the Wheatley Royal Commission stated that, "it is when real power rests with local people that local democracy begins to mean something." [19] So long, however, as central government remains the major paymaster for local councils that power and that local democracy cannot exist. The suggestions outlined above offer a way in which that dependence on central government can be sharply reduced.

[18] Management of Local Government (London: HMSO, 1967) (Volume 1, Report of the Committee)

[19] Royal Commission on Local Government in Scotland 1966-1969 (Cmd. 4150, Edinburgh: HMSO, 1969) (Pages 277 and 278)

The price to be paid will be a substantial reduction in the range of services over which council control is exercised. But such a reduction will, sooner or later, be the inevitable consequence of current government policies. Individuals and families now come to expect that they should exercise many of these powers personally, and make choices themselves instead of being forced to accept the collective decision made by a local political body.

The reward for these changes will be a freedom of action for councils and their local communities that has not existed for a century or more. Councils may no longer offer a power base for local politicians, but they will be leaner and fitter and more deserving of the respect of their communities. That freedom offers a challenge which local authorities can meet and can benefit from. If it is faced in the proper way, both local authorities and the people they serve can only gain.