

The Road to Local Autonomy

P. E. POOLE



ONE-PARTY STATES—to be found in Russia and many points east or west—claim with vigour that they are democratic. The important characteristic of democracy, it seems, is not the degree of the citizen's actual involvement with the administration of affairs, but his ability to apply his verbal talents in the furtherance of common causes. By this definition, there are many so-called liberal democratic states in the West which (at least on some issues) appear to fit the strait-jacket of a one-party state—Britain, for instance.

I am thinking in particular of the much-debated question of local autonomy. Royal Commissions and other bodies have discussed the need for a more democratic form of local administration, one in which citizens can determine the development of their rural or urban environment. The latest was headed by Lord Redcliffe-Maud.

So far, so good: we're democratic, and there are millions of words, carefully bound in official blue paper, to prove it. And indeed the Government has now promised to turn out another Green Paper (setting out matters for public discussion) on local finance. Unfortunately, as the cynics among us know, these official investigations are a prescription for political inaction. Democracy all too often stops short of implementation, and autonomy of local communities is no exception.

The trouble is that the gentlemen of Westminster and Whitehall pay the Pipers: and so they call the tunes (with many a discordant note) that we hear sung in the council chambers throughout England and Wales every month.

The need to revise the revenue structure of local authorities has been long recognised by Parliament. MP's do not *want* to have to call the tune all the time; but so far they cannot see any way round the problem. The fact is that, while they might chat in the Chamber all night about it, they simply do not want to cut the financial umbilical cord which ties the Town Hall to Westminster.

A restructuring of local rates, placing the burden on site values, would go a long way to alleviate the problem. This should be coupled with the release of responsibility for certain locally-discharged services, which, it can be argued, ought to be directed (and paid for) by the central government.

Site-value rating is more than just a fiscal expedient:

it contains the crucial element of justice. Millions of pounds today are being lost to local treasuries, and site-value rating would correct this.

Around the turn of the century, many valuable acres of publicly-owned land were leased out on a long-term basis to industrial and commercial enterprises. At the time of the signing of the contracts, the ground rents claimed by the authorities were fair. There was, however, one omission—no rent revision clause—this being a very recent innovation. Consequently, as site values increased with the increased prosperity of the community, and as money decreased in value through inflation, so the local authorities found themselves receiving an ever-decreasing proportion of the true ground rents of the leased land. The difference was retained by the lease-holders.

The chart below shows how ground rents have risen ten times or more since the leases were granted: the difference in values is the measure of the loss to the ratepayers.

Year	Ground rent	Today's value*	Increase
1908	£2,650	£31,000	×11½
1910	£1,700	£24,000	×14
1919	£2,392	£31,000	×13
1919	£1,778	£22,000	×12
1919	£2,200	£19,000	×8½

*Current estimated rental values are very conservative spot figures prepared by a professional valuer.

The figures above are for properties in Kingsway, in central London, but the same general picture is true throughout the country. A rate on site values would take such increases into account, and would channel the funds into the public's hands.

It might be argued that the problem is not so acute because the increased income falling to leaseholders is taxed by the Inland Revenue anyway. Also where a local authority is affected to any noticeable degree, support can be obtained from the government in the form of a grant. This is true, but what of that cherished concept, autonomy? Assuming there was no financial loss to a local authority, the fact remains that the grants it receives from Big Brother are tied up with all-manner of knotty strings. In addition, this distortion in local revenue results in a higher burden falling on other ratepayers. Not only would site-value rating facilitate an even distribution of burden, but it would contribute towards a healthier relationship between central and local government, producing an energetic partnership instead of the present master-servant relationship.