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CHIEF SECRETARY

FROM : A J C EDWARDS
24 February 1989cc **Chancellor**
Sir P Middleton
Mr Anson
Mr Phillips o/r
Mr Monck
Mr Luce
Mr St Clair
Mr Potter
Mr White
Mrs Chaplin

Ch
 This seems a barmy
 idea to me (DOE's, not
 what AJCE proposes, which
 is absolutely right) AA

PROPOSED POLICY EVALUATION OF COMMUNITY CHARGE

At a financial management review meeting with DOE before Christmas, I expressed interest in DOE's proposals for evaluating the community charge. Mr Fletcher of DOE has responded by sending me the attached outline of an evaluation project.

2. What DOE have in mind is a three-stage project, as follows:
- i. a review of existing research and literature on awareness and accountability;
 - ii. a programme of interviews to establish the levels of awareness and accountability under the domestic rating system; and
 - iii. a programme of interviews in 1990 to establish the level of awareness and accountability under the community charge.

They say that their Ministers have approved this project and that they intend to publish the results.

3. In general, as you know, the Treasury is second to none in its eagerness to ensure that policies, not least new policies, are properly and systematically evaluated. It does seem to us, however, that DOE's plans are technically questionable and have a considerable potential to embarrass the Government.

4. We see no particular problem about items i. and ii. of the proposed prospectus. It will undoubtedly be useful in future times to have some comparator information about the existing rating system.

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5. The devil lies, as it seems to us, in the suggestion that researchers should be invited to establish conclusions in 1990 about awareness and accountability under the community charge, with an advance commitment to publish. The community charge will still be in its infancy in 1990. The total levels of the charge in individual authorities will still be dominated by the transitional safety net arrangements. The air will still be thick with propaganda and counter-propaganda about the reasons for the level of charges. From a technical point of view, therefore, it would seem much too early to reach conclusions on awareness and accountability as soon as 1990 or early 1991. So far as the politics are concerned, moreover, such a report could easily have unflattering things to say at a politically sensitive time about the impact of the flagship policy. Commissioning such a project on this time-scale seems questionable in itself; the commitment to publish the results, even more so.

6. What we are inclined to do, if you agree, is to write to DOE counselling extreme caution. We would have it in mind to suggest that item iii. in the proposed research should be timed for mid-1992 at the earliest, not 1990 or 1991; that the evaluation should be conducted in-house; and that prior commitments to publish should be eschewed. So far as the short term is concerned, we might suggest that DOE would do better to confirm that the Audit Commission will be looking at the efficiency, in an operational sense, with which local authorities are implementing the arrangements for collecting the community charge and NNDR. Mr St Clair has given me in addition a number of valuable technical points on the DOE's suggestions which I would propose to pass on to them.

7. As implied above, the DOE's proposals raise sensitive political issues. We would therefore appreciate your guidance.

AJCE
A J C EDWARDS

RESEARCH PROJECT - THE COMMUNITY CHARGE

Introduction

1. The Government has legislated to replace domestic rates with the community charge - and to make various other changes to the local government finance system - because it believes that the existing arrangements do not promote accountability; and that the post-1990 system will. The new arrangements will mark a dramatic change in the way local government is funded, and there will be increased cost for local authorities in administering the new system.
2. It is Government policy that all new policies should be evaluated and the plans for evaluation including the costs clearly set out.

Objectives

3. The objective of this evaluation would be to monitor the extent to which the new arrangements increased awareness about local spending and whether as a result this increased accountability. "Awareness" for these purposes might be taken to mean whether adults resident in an area
 - a. understood the cost of providing local services;
 - b. saw the relationship between the level of their council's spending and the size of community charge bills; and
 - c. understood the link between changes in spending and changes in the bills they face.

Accountability would be defined as whether awareness led to changes in

- d. whether people normally voted at local elections or would be more likely to do so in future;
- e. participation in local politics.
- f. other forms of participation eg ratepayers action groups.

Methodology

4. To achieve these objectives a survey would need to establish the awareness and accountability 'scores' for the present system, and then see whether those scores changed in 1990. That means a baseline survey in June/July 1989/90; a follow-up in 1990/91; and possibly further surveys thereafter (depending, particularly, on whether any transitional arrangements might cloud the full accountability of the new system in the early years). Given that media coverage and other information on the new scheme may already be having an impact on attitudes and awareness it will also be desirable to conduct a review of the research literature relating to public perceptions of local government spending prior to the development of the new legislation. This will form a basis for comparison with the new survey information as well as contributing to the framing of appropriate questions.
5. In order to understand the reasons for differences in response, the sample survey would need to be stratified in various ways. Apart from the usual stratification by age, sex and class and tenure, the sample would need to include both ratepayers and non-ratepayers. It should also cover people who use many and few local services, and their length of residence in an area and how long they intended to remain there. Urban and rural areas would need to be selected and stratified according to political complexion, high/low spending, for/against Community charge, good/bad on disseminating information.
6. The information from the respondents would be collected by means of a home interview survey using a structured detailed questionnaire. The appropriate form of questions and issues to be covered would be explored first in group discussions and in-depth interviews. One of the issues to be explored would be the accuracy of responses relating to financial expenditure. (One of the shortcomings of the MORI survey in this area was that it had no way of checking whether those who claimed they knew how much they paid in rates did in fact know.)
7. There would also be a short postal survey to all local authorities, to elicit the views of members and officials about the effects of the new system.

Costs

8. It is estimated that the extra mural spend will be about £60,000 in 1989/90 and £100,000 in 1990/91. About .4 of a researcher's time will be required to manage the project.



FROM: A C S ALLAN
DATE: 27 February 1989

Pyg

PS/CHIEF SECRETARY

cc Sir P Middleton
Mr Anson
Mr Phillips
Mr Monck
Mr A J C Edwards
Mr Luce
Mr St Clair
Mr Potter
Mr White
Mrs Chaplin

PROPOSED POLICY EVALUATION OF COMMUNITY CHARGE

The Chancellor has seen Mr Edwards' minute of 24 February, and commented "Mr Edwards is clearly right".

ACSA

A C S ALLAN