



# **MONETISING GOODWILL**

Empowering places for civic renewal

Jack Airey

# About Localis

## Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

## Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Reshaping our economy.** How places can take control of their economies and drive local growth.
- **Culture, tradition and beauty.** Crafting policy to help our heritage, physical environment and cultural life continue to enrich our lives.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.
- **Improving family life.** Fresh thinking to ensure the UK remains one of the most family-friendly places in the world.

## What we do

We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

# Acknowledgments

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Any errors or omissions are my own.

Jack Airey

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## Executive summary

The question of how adult social care funding is put on a sustainable footing helped to define the 2017 General Election. Along with the NHS, it has become an issue totemic of wider choices around public spending and their impact on local services. Yet the long shadow of social care funding in the public and political domain hides a wider truth. Compared to other parts of the local state, social care funding has not been the epicentre of austerity. It has been relatively protected, with other services facing the most drastic spending reductions.<sup>1</sup> They are services with fewer statutory responsibilities, like potholes, libraries and bins, but which people want and value no less.

Coupled with the recent reduction in the size of the state has been a creeping distrust in its efficacy. Although trust in central government has always been low, in recent years it has plunged to new depths.<sup>2</sup> Breakdowns between election promises and governing realities have tainted political discourse. Not a month seems to pass without calls to 'take the politics out of' how one service or another is funded.

Both these trends are tugging at the fabric of civil society. For many, the services and assets that enrich life at the community level are being diminished. And yet there appears to be no situation in the near future where this is stopped or reversed. It is our opinion that this situation is unreflective of the nation and places that make it. The Brexit vote is often said to have shown a nation divided, but the campaign also demonstrated the importance of properly-funded public services to all.

It is our view the nation is a generous one, it just won't always be directed to the nation or through the state. However global markets for labour, capital and culture may be, the desire to belong and contribute towards a place and wider community still holds strong. In the words of Edmund Burke, "To be attached to the subdivision, to love the little platoon we belong to in society, is the first principle (the germ as it were) of public affections. It is the first link in the series by which we proceed towards a love to our country and to mankind."

### The goodwill gap

Research for this report shows there is a gap between what people are willing to contribute towards funding local services and what they provide now. In this report we have defined this as *goodwill*. With extensive public polling, we have

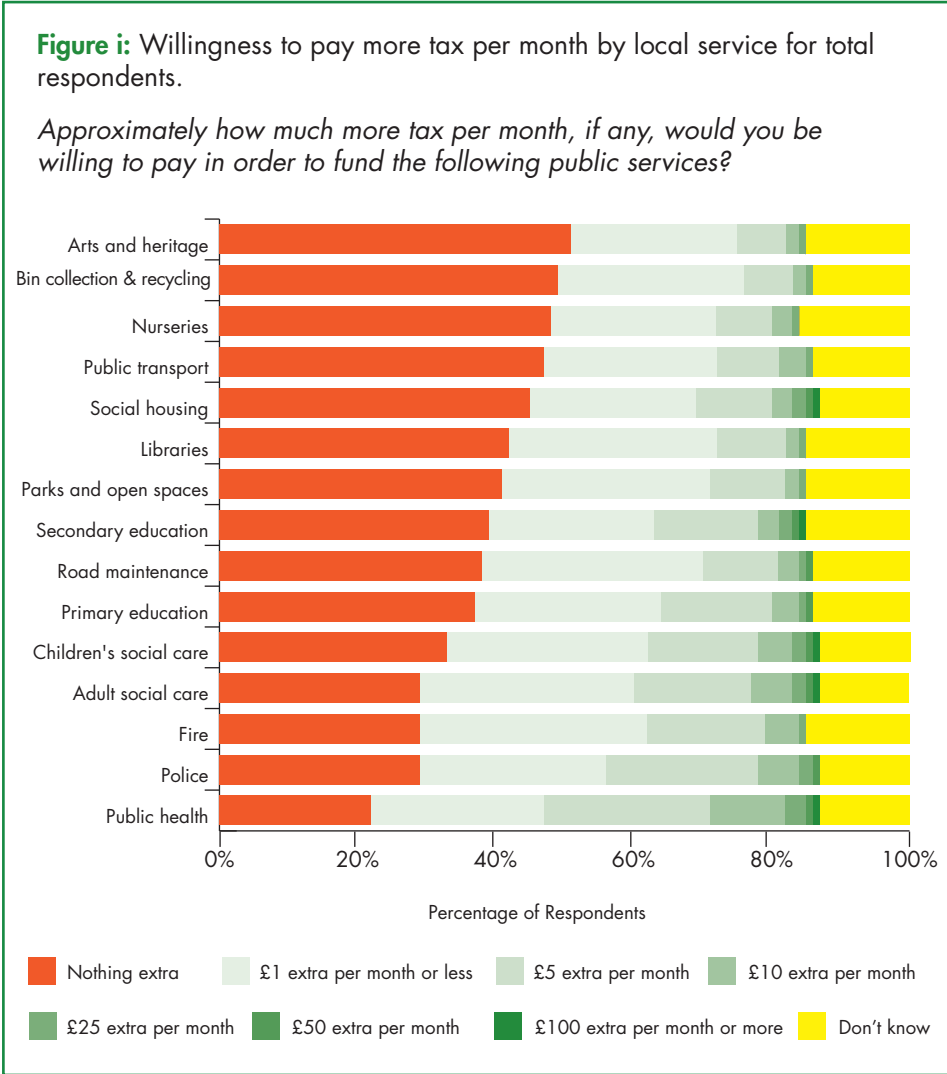
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<sup>1</sup> Between 2010/11 and 2016/17, adult social care spending dropped by 3.3 percent in England. For highways and cultural services, the equivalent figures were 37.1 percent and 34.9 percent. National Audit Office (2018) - Financial sustainability of local authorities 2018.

<sup>2</sup> Edelman (2018) - 2018 Trust Barometer.

looked at the extent and shape of this gap, as well as how it can be monetised.<sup>3</sup> Our analysis shows people are willing to contribute more to their 'little platoon' when they know what it is spent on.

As illustrated by figures i and ii, whether through extra payments in tax per month, or voluntarily via a one-off levy, there is a great deal of goodwill towards services like police and health; and issues like helping older people to live independently and supporting homeless people. This support is national, however goodwill looks different across the country. London and the East Midlands are the most willing to pay more, but certain services and issues seem especially important in some areas. Services for the lonely in Yorkshire and the Humber. Bin collection and recycling in the North West.

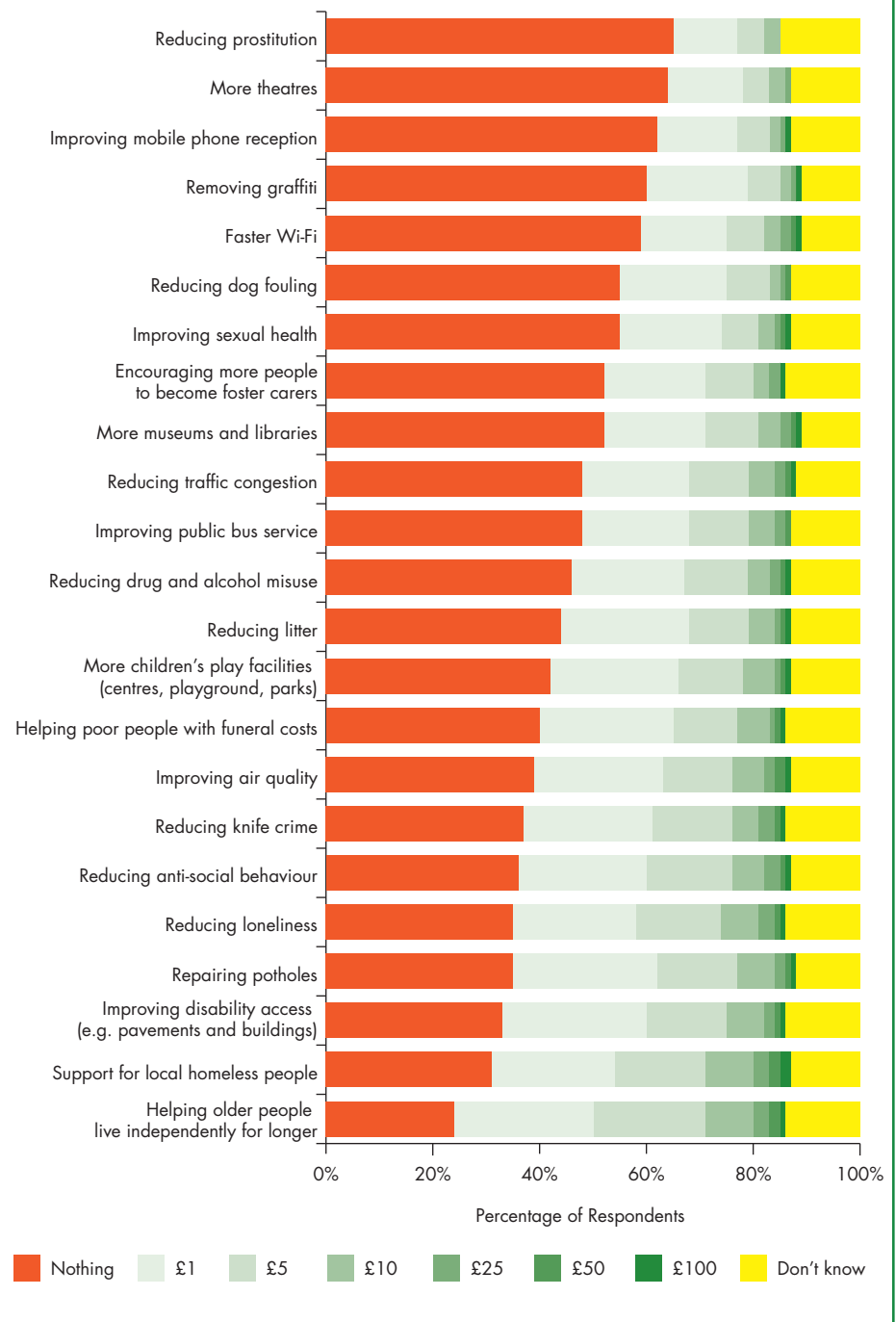


Source: YouGov Plc.

<sup>3</sup> All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,620 adults. Fieldwork was undertaken between 08th - 09th March 2018. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+). YouGov is a member of the British Polling Council and abide by their rules.

**Figure ii:** Willingness to pay one-off levy by specific issue for total respondents.

*Please imagine that a voluntary one-off levy was proposed in your local area to resolve a specific problem in the community. Approximately how much, if anything, would you be willing to contribute to the levy if the issue being resolved was each of the following?*



Source: YouGov Plc.

### Empowering places to monetise goodwill

To engender local patriotism and enable a new programme of civic renewal, places should be empowered to monetise goodwill. Central to this should be government relaxing its capping of council tax increases. Currently a local referendum is automatically-triggered when a proposed increase in council tax



is deemed 'excessive' by the Secretary of State. What counts as 'excessive' is defined by a set of thresholds determined annually. Instead, the Secretary of State should set no cap at all, only an expectation that increases are tied to specific services and issues.

Then, the GLA, mayoral combined authorities, county councils, local authorities and town and parish councils should be encouraged to explore the possibilities of levying hypothecated taxes and levies at the local level. We have identified services and issues that are likely to carry public support using the public polling conducted for the report. However, local areas and their leaders will know best which services and issues need funding most.

Secondly, local authorities should use council tax administration forms to provide citizens the opportunity to direct new and existing funding in line with their priorities. The monetising goodwill agenda will fail if it focuses solely on people paying more tax. Billing authorities should consider the following options:

- Provide residents with the opportunity to direct up to twenty percent of total revenue raised to specific services and for achieving certain outcomes.
- Include the voluntary option to pay higher funding directed to specific services and issues, on top of the core bill. Billing authorities should limit the number of issues to pay for.
- Allow residents the opportunity to vote on specific spending packages. This would need to align with local elections.

Finally, for the monetising goodwill agenda to succeed, it seems essential policy responses go beyond the local state. One part of this is local authorities working with community organisations as delivery partners in the spending of new revenues raised through hypothecated local taxation. The second part is greater revenue-raising outside the formal bounds of the state. To that end:

- Local authorities should further integrate crowdfunding platforms, asset transfers and community share models with their community development plans. Each campaign should be tied to specific community renewal projects.
- Using their procurement, franchising and planning powers, local authorities should introduce contactless donation points in town and city centres. Donations should be tied to specific projects and issues, either via charities or other community organisations.

# 1. Introduction

Goodwill is no substitute for a properly funded local state. We note this up front to head off a tension ever present during the research for this report. According to the Institute for Fiscal Studies, after the 2008 financial crash tax receipts fell by 4.4 percent in 2008/09 and 5.5 percent in 2009/10. Receipts are not predicted to regain pre-crash levels (37.2 percent of national income) until 2020.<sup>4</sup> Issues like social care funding, NHS sustainability or student loan fees are far too complicated, expensive and political to be resolved by a deeper philanthropic tendency. Goodwill exists and it can, as this report proves, be monetised in a local context. However, it is not an answer to the big public spending questions our nation must confront.

## 1.1 The state of the local state

In their recent report on the financial sustainability of local government, the National Audit Office (NAO) concluded “the financial position of the sector has worsened markedly, particularly for authorities with social care responsibilities”.<sup>5</sup> A combination of sustained funding reductions – the NAO reports a real-terms fall in central grant of 49.1 percent between 2010/11 and 2017/18<sup>6</sup>– and inextricable service demand means many councils have dire financial situations. All indications are that this will continue and places also face uncertainty over how and to what extent structural funds will be provided after Brexit.

The largely inflexible nature of the local tax system means local authorities have had limited means to address funding tensions themselves. Service areas with fewer statutory responsibilities have been cut and, in the case of Northamptonshire County Council, a public institution is at risk of collapsing.<sup>7</sup> A focus on the statutory over the non-statutory is understandable and, from a legal perspective, necessary. However, from library closures to fewer bin collections, it has also impacted the nation’s places and communities to an extent that is evident by a changing public mood around austerity. A recent public poll found 66 percent of eligible voters thought public spending cuts had gone too far.<sup>8</sup>

As the nation reaches a tipping point on austerity in local services, the purpose of this report is, therefore, to ask whether people are willing to pay something extra and how places can be empowered to monetise that goodwill. Both via the local state and through non-traditional routes of revenue-raising, such as crowdfunding and community shares.

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4 Institute for Fiscal Studies (2016) - The changing composition of UK tax revenues

5 National Audit Office (2018) - Financial sustainability of local authorities 2018

6 Ibid.

7 In February of this year, the council issued a section 114 notice. This meant the council was at risk of not being able to balance its books this financial year.

8 FT (2018) - Poll shows even Tory voters feel austerity has gone too far

## 1.2 Why monetise goodwill locally?

Research suggests a level of distrust in the government by the general public.<sup>9</sup> Breakdowns between election promises and governing realities have tainted political discourse and not a month seems to pass without calls to 'take the politics out of' how one service or another is funded. At the same time, there is limited appetite for significant increases in general taxation and yet, as we have said, many people believe austerity has gone too far. As the adage goes, Brits want Scandinavian style public services paid for by an American style tax regime. At a national level this has created a politics reminiscent of the 1970s. However, locally there remains a degree of stability. On the whole, local politics remains rooted in place and with it an opportunity has presented itself.

People are generally less resistant to contributing towards an endeavour, financially or with their own time, if they have a personal connection to it. Secondly, as Nick Boles has alluded to recently, people prefer to know how their money is being spent and on what. To that end, local issues tend to be positive motivators. Rooting more decisions on public spending in communities and local priorities can therefore be one step towards rebuilding public trust in the state. This report therefore should be read as exclusively focused in that context, the local.

## 1.3 An agenda already in train

Earlier this year Westminster City Council, the area with the lowest council tax in the country, invited its wealthier residents to pay a one-off voluntary levy. Owners of the wealthiest households in the borough – those in council tax band H (valued at £320,000 or more in 1991) – were asked to consider paying a "community contribution" to fund a selection of non-statutory services.<sup>10</sup> Young people, the homeless and the lonely were highlighted as possible recipients.

Following Westminster City Council, it has also been reported that Islington Council has proposals for a "voluntary council tax supplement" to support early intervention and prevention services in the borough.<sup>11</sup> The council is said to be asking owners of homes rated within band H which are now worth significantly more to pay the voluntary supplement.

Both proposals show a sector already moving in the direction we argue for in this report. While it has been reported that only 350 households paid the voluntary tax in Westminster,<sup>12</sup> evidence presented in this report suggests local tax rises, voluntary and compulsory, can be much more popular when tied to *specific issues and services* and when open to *all* levels of wealth. All places should therefore begin to ask: *how can we monetise goodwill?*

## 1.4 Report scope, structure and methodology

The focus of this report is monetising the goodwill of *people*. Although business goodwill exists and through business rates and Business Improvement Districts (BIDs), there is a fiscal and organisational platform to monetise it, our research focused on what services and issues people would be willing to contribute extra for. Assessing the goodwill of businesses necessitates separate research. Further, the geographical focus of research is Great Britain. This is because public polling for the report was provided this way and, moreover, because district councils in Northern Ireland have minimal fiscal powers. Finally, while goodwill exists in many forms – socially, voluntarily, familial – the scope of research is monetary. A great deal is given in-kind and this should be celebrated, not monetised.

After this introduction, the report is split into three sections. Firstly, we consider

<sup>9</sup> Trust in government is just 36 percent. Edelman (2018) - 2018 Trust Barometer

<sup>10</sup> City of Westminster (2018) - Westminster launches Community Contribution scheme

<sup>11</sup> FT (2018) - Islington becomes latest London council to ask for voluntary tax

<sup>12</sup> The Guardian (2018) - Wealthiest households in Westminster failing to pay extra £833 in tax

the extent of goodwill across the country. This is informed by public polling by YouGov on what services and desired outcomes the public are willing to contribute more to fund. Secondly, we outline an enabling policy agenda to create the space and platform for places to lead on monetising goodwill. Finally, we put forward policy recommendations to central government, the GLA, combined authorities, county council and local authorities. An extensive set of appendices is also provided.

The research has been informed by extensive reading, results of public polling for which we commissioned YouGov, a roundtable event attended by council leaders, officers and third sector officials and discussions with civil servants. Within the report we include analysis by CFO Insights, a tool provided by Grant Thornton UK LLP, to show how the amount regions spend on certain services compares to those service outcomes.<sup>13</sup>

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<sup>13</sup> Grant Thornton UK LLP - CFO Insights

## 2. The extent of goodwill

To ascertain the extent of public goodwill for contributing more towards local services, we worked with YouGov to survey people on what services and desired outcomes the public are willing to pay more to fund. Survey respondents were asked two questions:

1. Approximately how much more tax per month, if any, would you be willing to pay in order to fund the following public services?
2. Please imagine that a voluntary one-off levy was proposed in your local area to resolve a specific problem in the community. Approximately how much, if anything, would you be willing to contribute to the levy if the issue being resolved was each of the following?

The results indicate where, and for which services and issues, there is capacity for greater contribution to the public purse.<sup>14</sup> As we write throughout the report, this does not mean goodwill is limited to financial choice or capacity, nor should it translate to a policy agenda based solely on new and more taxation. Nonetheless, the data points to a public willing to fund much more than is often represented. Within the data, there are also significant variations by place, politics, age and gender.<sup>15</sup> In short, goodwill exists. All tiers of government and community organisations should be encouraged to take the agenda further.

### 2.1 Goodwill exists across the country

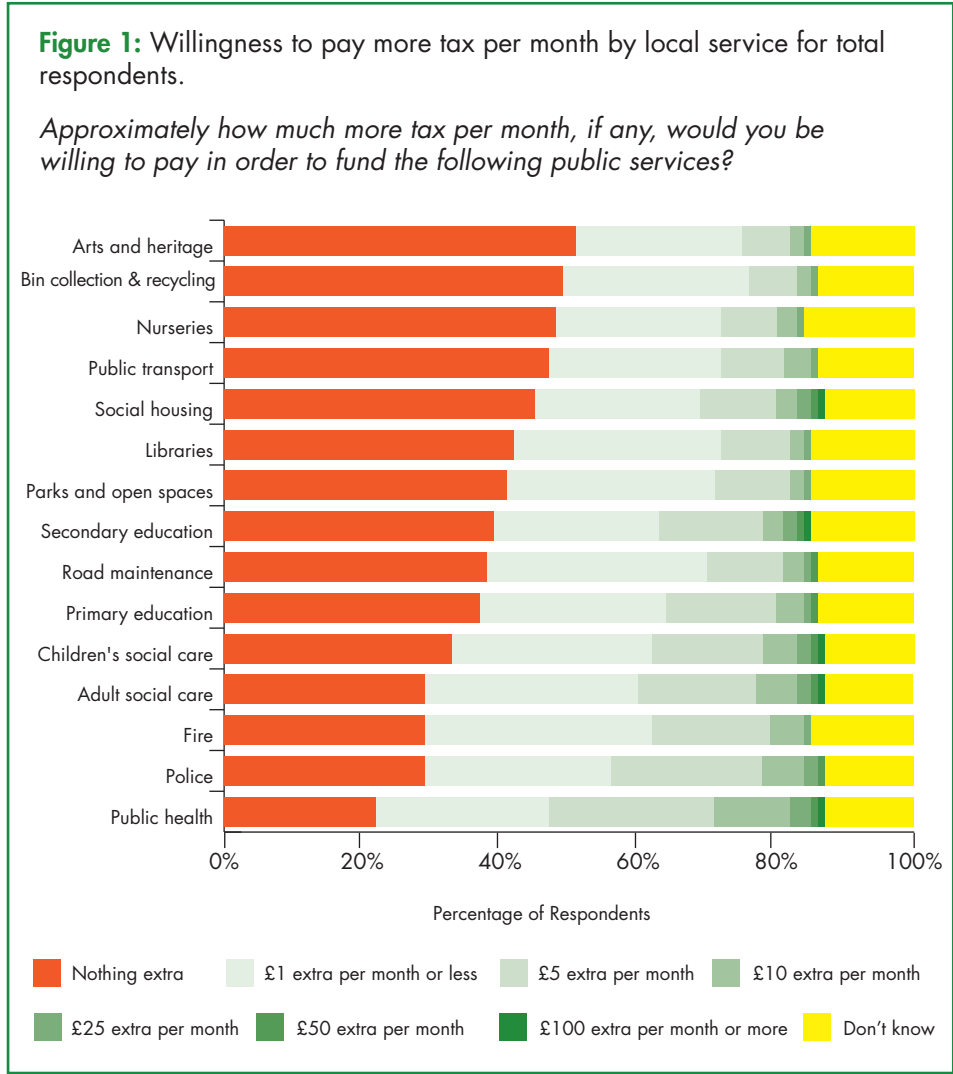
The first and most important conclusion of the polling is that across a large range of local services and issues, there is a willingness to pay more in tax or voluntary one-off levies to better fund them *across the country*. As can be seen in figure 1, for five local public services a majority of respondents indicated they would be willing to pay something extra. They are public health, fire, police, adult social care and children social care. We believe public health has been widely interpreted as funding for the National Health Service (NHS).<sup>16</sup>

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<sup>14</sup> All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,620 adults. Fieldwork was undertaken between 08th - 09th March 2018. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+). YouGov is a member of the British Polling Council and abide by their rules.

<sup>15</sup> All comparisons made within the report have been tested to a significance level of 0.05.

<sup>16</sup> In the issues polling, some of the responsibilities held by public health in local authorities – e.g. sexual health, air quality – received much lower levels of support than public health as a service.

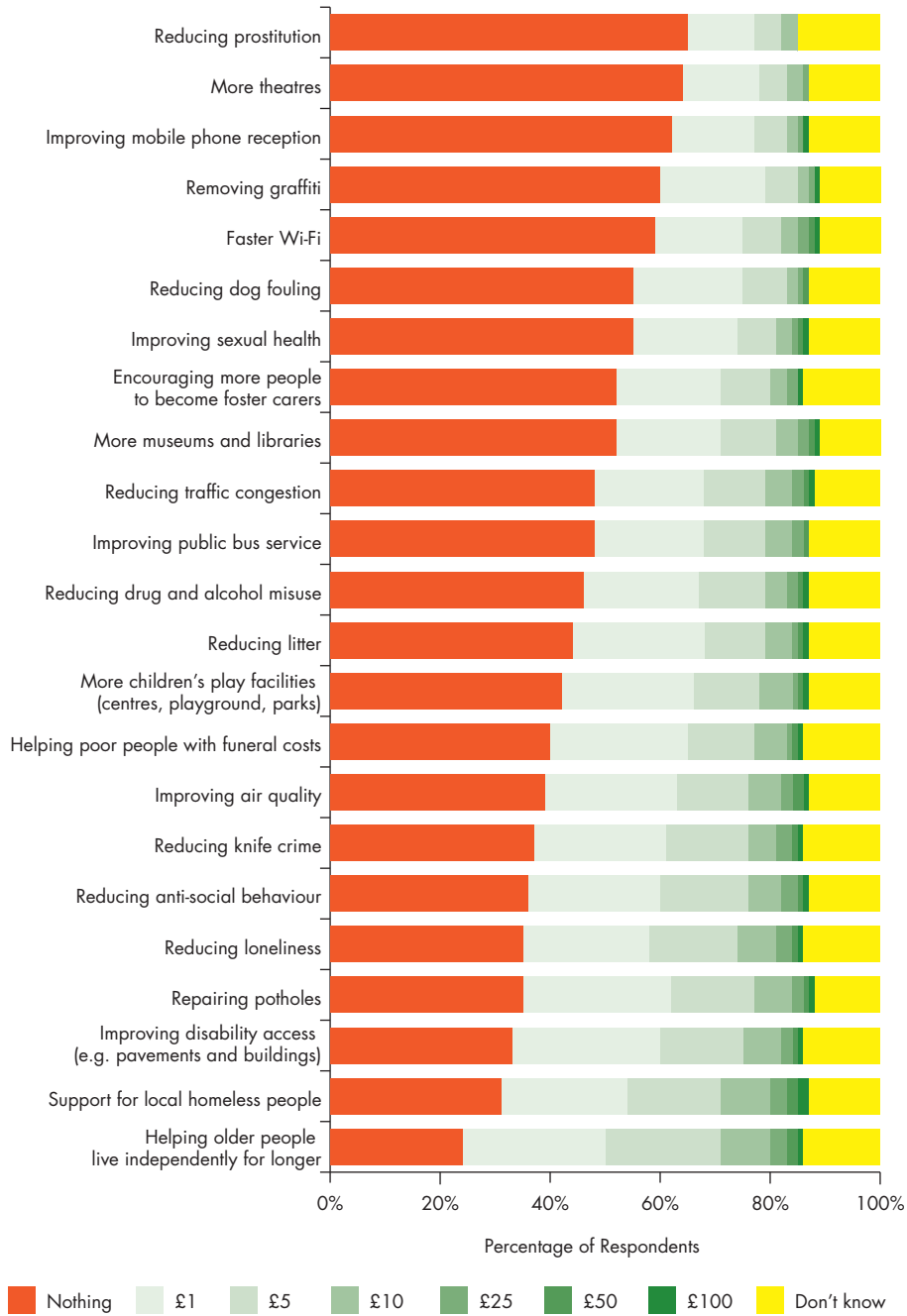


Source: YouGov Plc.

In a voluntary one-off levy, six issues received majority support for paying *something*. As can be seen in figure 2, these issues are: helping older people to live independently for longer, support for local homeless people, improving disability access, repairing potholes, reducing loneliness and reducing anti-social behaviour. Several of these issues align with the local public services that attracted a majority of support to pay something extra.

**Figure 2:** Willingness to pay one-off levy by specific issue for total respondents.

*Please imagine that a voluntary one-off levy was proposed in your local area to resolve a specific problem in the community. Approximately how much, if anything, would you be willing to contribute to the levy if the issue being resolved was each of the following?*

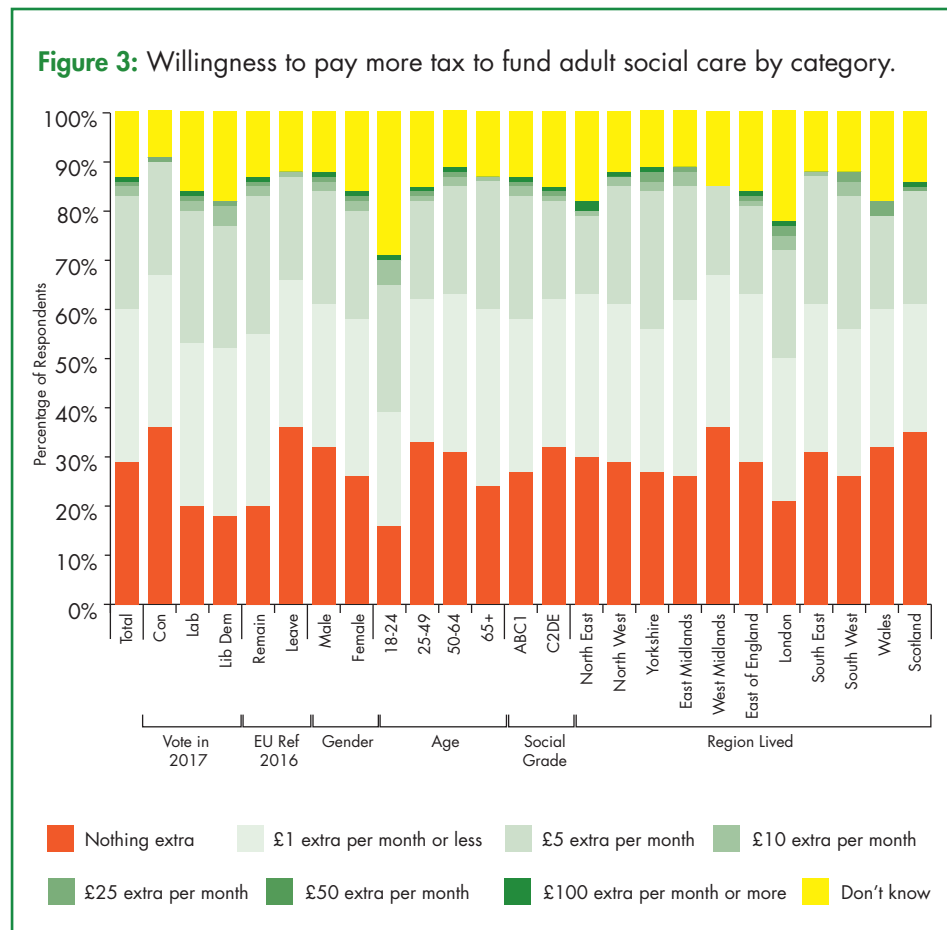


Source: YouGov Plc.

Where there is widespread national support for higher taxation to fund public services, the most appropriate policy response may be national. Higher rates of taxation to fund the NHS is already a mainstay of public discourse. Analysis by The King's Fund, which found 61 percent of respondents to the British Social

Attitudes survey supported tax rises to increase funding for the NHS,<sup>17</sup> and Paul Johnson of the Institute for Fiscal Studies (IFS), who argues against hypothecated taxation,<sup>18</sup> has explored this idea more fully. It also has cross-party support.<sup>19</sup> The public support uncovered by the polling is therefore unsurprising.

Less expected is the willingness to pay more to fund social care services. Figure 3 below shows a majority of people across all ages, political associations, genders, classes and regions would be willing to pay more tax to fund social care. A national increase in taxation to specifically fund social care services seems to be acceptable to the general public. It seems persuasion of the public by government and the health and care sector over the past few years has been successful.



Source: YouGov Plc.

## 2.2 Goodwill varies by place

The second conclusion of the polling is significant variation in the extent of goodwill by place. For both paying *something extra* per month in tax for local services, and *something* in a voluntary one-off levy tied to an issue (full tables for each region are provided in the appendices),<sup>20</sup> respondents from the East Midlands were most willing to contribute, followed by respondents from Yorkshire and the Humber and London. Respondents from Wales were least willing. The difference between East Midlands, Wales and total respondents for services is

17 Public Finance (2018) - Increase in support for tax rises to fund NHS.

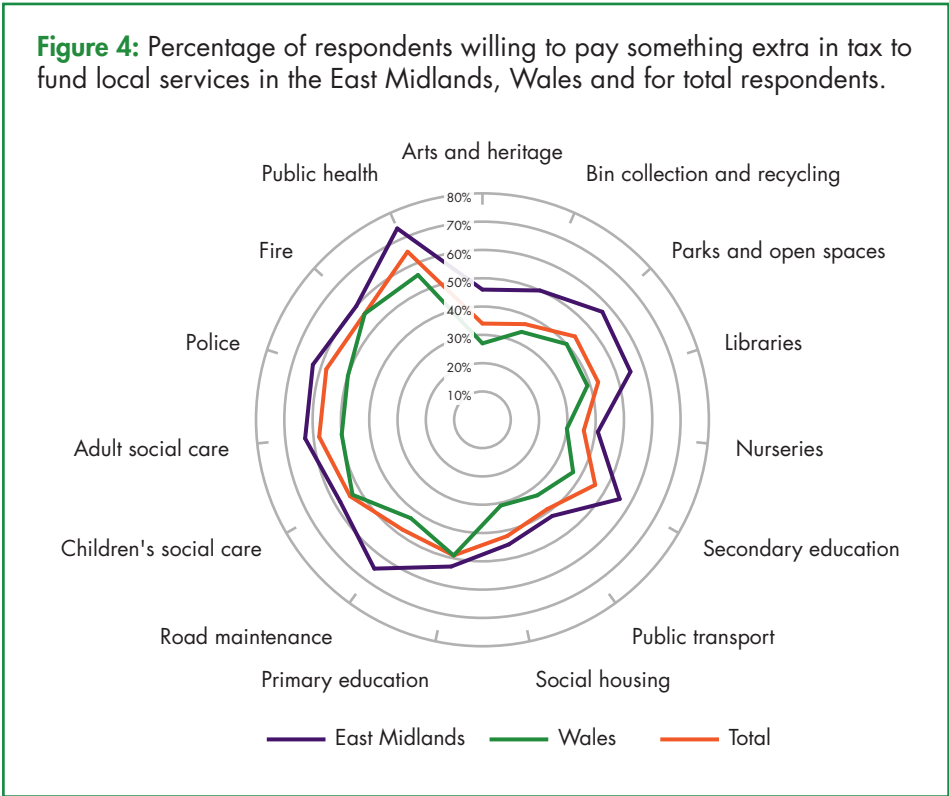
18 The Times (2018) - Earmarking a tax to pay for the NHS alone is not a healthy option.

19 A number of Conservative MPs, including Nick Boles, Sarah Wollaston and Johnny Mercer have recently pledged their support for a hypothecated NHS tax. Last year the shadow chancellor, John McDonnell, set out plans for a hypothecated tax to fund the NHS.

20 By *something extra*, we mean respondents indicating £1 extra per month or less, £5 extra per month, £10 extra per month, £25 extra per month, £50 extra per month or £100 extra per month. This is true henceforth.



illustrated by figure 4 below.

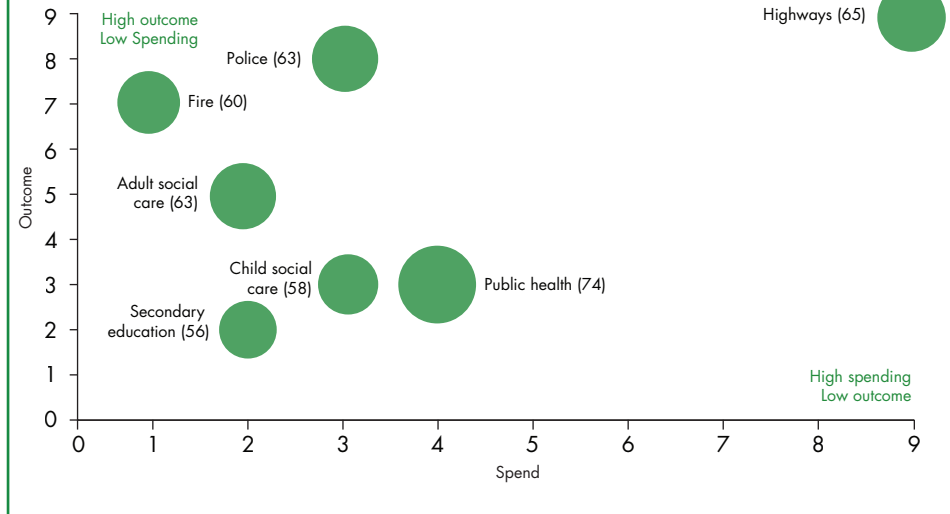


Source: YouGov Plc.

Given the relatively low levels of spend and relatively low rates of outcome across some services in the East Midlands compared to other regions, shown by figure 5 across the page using data from CFO Insights (and provided for each region in the appendices), the high willingness to pay is unsurprising.<sup>21</sup>

21 Grant Thornton UK LLP - CFO Insights

**Figure 5:** Outcome versus spend in East Midlands relative to other regions. Corresponding willingness to pay included in brackets and represented by size of circle. (i.e. for adult social care, East Midlands spends the second least and is ranked fifth highest for outcome out of the other nine English regions.)

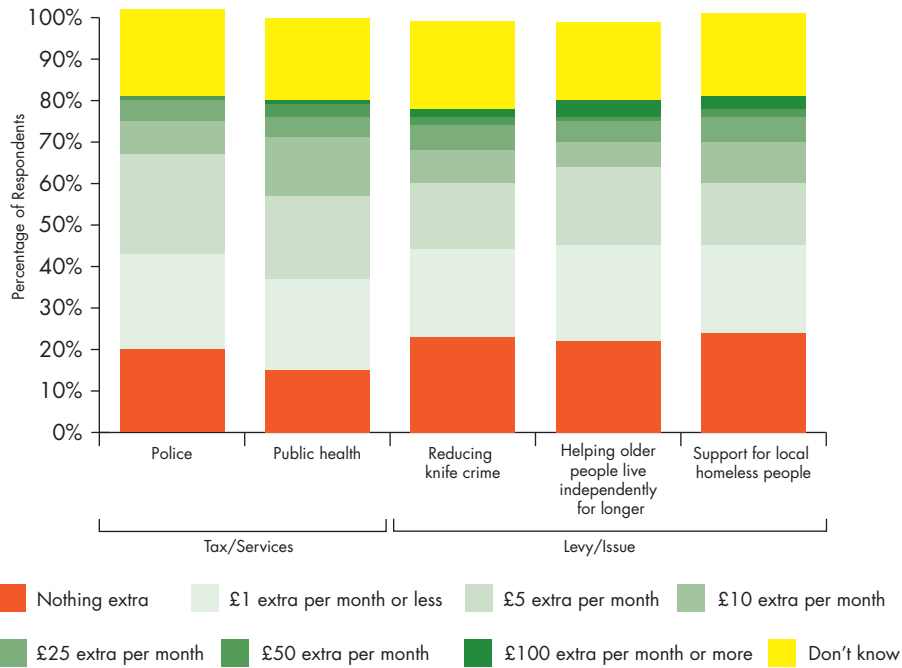


Source: YouGov Plc and Grant Thornton UK LLP - CFO Insights.

### Some places are willing to pay higher sums

As well as *willingness to pay something extra*, there are also regional differences in *how much* respondents indicated they are willing to pay. Respondents from London were most willing to pay higher sums (i.e. more than £1) in extra tax for local services and in a one-off voluntary levy for specific issues. Figure 6 shows the services and issues over a third of respondents from London expressed a willingness to contribute over £5 for.

**Figure 6:** Services for which over one third of respondents in London expressed a willingness to pay more than £5 extra per month to fund. And issues for which over a third of respondents in London expressed a willingness to pay more than £5 to fund in a voluntary one-off levy.



Source: YouGov Plc.

Both points suggest London and the East Midlands would be good test-beds for the reforms and policy agenda we advocate in this report. This could be led by the GLA and county councils, or by local authorities in both regions.

### Some services and issues are especially important in certain places

Finally, the polling results also reveal a number of places where some services and issues stand out and appear to be especially important:<sup>22</sup>

- In the East Midlands, the road network and parks. 65 percent of respondents expressed a willingness to pay something in a voluntary levy for repairing potholes (13 percent more than all respondents) and 65 percent expressed a willingness to pay more in tax for road maintenance services (17 percent more than all respondents). 57 percent expressed a willingness to pay more in tax for parks and open spaces, 13 percent more than all respondents.
- In the North West, 45 percent of respondents expressed a willingness to pay more in tax for bin collection and recycling (compared to 37 percent of all respondents).
- In Yorkshire and the Humber, 59 percent of respondents expressed a willingness to fund services to reduce loneliness via a voluntary levy (compared to 51 percent all respondents).

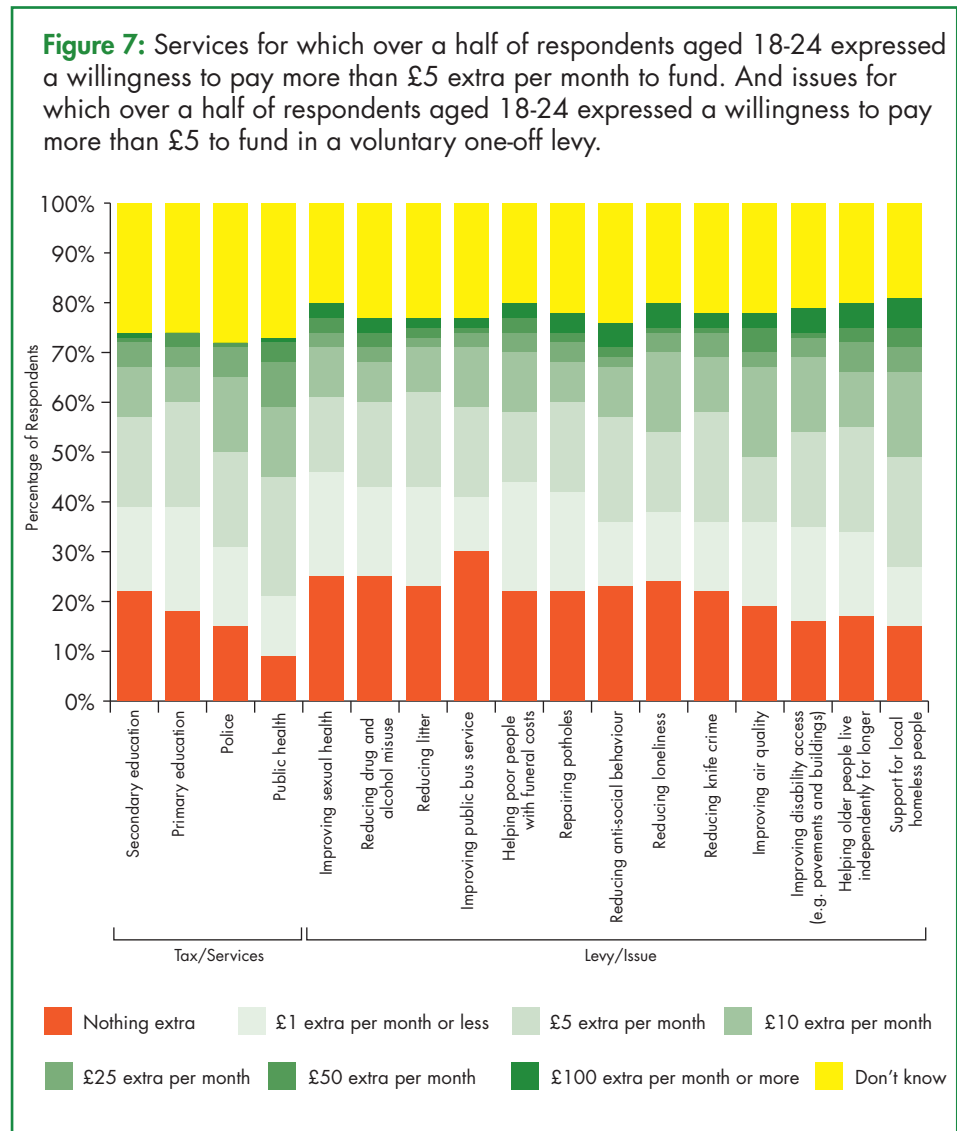
We believe each of these factors illustrates the need for local discretion in the tax regime. The public polling demonstrates a clear gap between existing contributions and potential contributions for improving services and helping to solve certain issues.

<sup>22</sup> Significance testing for these comparisons was carried out by Localis using proportions provided by YouGov. Appendix 5.6 displays the two-tailed probabilities (p-values) for these comparisons, computed using z-tests for sample proportions at a 95% confidence level.

## 2.3 Gender, politics and age matter too

The central focus of this report is monetising goodwill locally. As demonstrated, there are significant geographical differences in people’s willingness to pay. The platforms by which taxes are collected are organised to follow geographical boundaries, so it is sensible that an agenda to monetise goodwill is led by places and their local partners. However, the polling results also uncover significant differences by gender, politics, and age (these differences are represented in full in tables provided in the appendices).

At a time when a great deal is made of differences between genders, voters and ages, and each group’s sense of priorities, the results provide greater texture to this debate. For instance, younger people tend to be most willing to pay extra when it is tied to an issue rather than a named service, particularly sexual health and funeral services. They are also most willing to pay higher sums in extra tax for local services and in a one-off voluntary levy for specific issues. The graph below shows the services and issues over a third of respondents aged 18-24 expressed a willingness to pay over £5 for. For two – public health and supporting local homelessness people – over half of 18-24 respondents expressed a willingness to pay more than £5.



Source: YouGov Plc.

There is little general difference between genders in terms of willingness to pay, though on some subjects it is acute: men are more willing to pay for road

maintenance, women are much more willing to pay a voluntary levy to fund drug and alcohol misuse services.

For every service but road maintenance, and every issue polled, Labour voters were more willing to pay something extra than Conservative voters. The most striking differences are for social housing, improving sexual health and support for local homeless people.

Similarly, for every service and every issue polled, Remain voters were more willing to pay something extra than Leave voters. The difference is biggest for secondary education, for which 60 percent of Remain voters would be willing to pay something extra in taxation against 38 percent of Leave voters who would be willing to pay something extra (a difference of 22 percent).

### 3. A policy agenda for monetising goodwill

The polling identifies there are some services and issues that a large majority of the public would be willing to pay more to better fund – health and care services, for instance – and for which a national policy response may be most appropriate. Yet there is a great deal places can do too. In the rest of this chapter we put forward an enabling policy agenda to create the space and platform for places to lead on monetising goodwill.

For the agenda to succeed, it seems essential that policy responses go beyond the local state. While changes to local taxation and new levies will form a part of strategies to monetise goodwill, places must also explore using non-traditional routes of revenue-raising, such as crowdfunding, and a citizenry more engaged in spending decisions. In short, the agenda will fail if it focuses solely on people paying more tax.

At the same time, the success of the agenda depends on reforms to national policy too – namely the need for referendums on ‘excessive’ council tax rises. The reality is an enabling policy platform should have been put in place many years ago. As demand pressures have increased and places been provided greater powers and responsibilities, so should they have been allowed necessary fiscal flexibilities. As one county council leader put it to us, the ‘fiasco’ of the community charge has put governments off reforming structures for local revenue raising. All too often policy is preventative. Picking up where plans to build a ‘big society’ and ‘sharing society’ have faltered, our proposals for monetising goodwill necessitate a greater trust in, and empowering of, places and the communities that form them.

Finally, the success of the agenda necessitates local leadership. No politician ideally wants to campaign on a platform of tax rises, whatever the tier of government they are running for. And as council officers contend with the devolution of business rates and social care funding pressures, there is not always critical thinking capacity to think innovatively around new forms of revenue-raising. Yet, as illustrated with plans in Westminster and Islington to introduce voluntary council tax supplements,<sup>23,24</sup> local leaders are beginning to take radical steps in how they fund services.

To be clear, the policy platform we put forward is not for achieving the sustainable funding of local government. Nor do we believe all goodwill can or should be monetised. Yet the evidence provided in this report suggests there is space across the country for much more creative forms of revenue-raising, focused on hypothecation, people and projects, which can engender a much healthier and more substantial link between places and their citizenry.

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23 FT (2018) - Islington becomes latest London council to ask for voluntary tax.

24 FT (2017) - Richest residents urged to pay ‘mansion tax’ in London borough.

### 3.1 Hypothecated local taxes

Council tax is a central mechanism for monetising goodwill. For one, it already exists. While some households are exempt and some discounted, all interact in one way or another with the platform. Second, from parishes to local authorities, county councils to city regions, all tiers of local government derive funding from this platform. This is important given each tier of government has a different set of powers and responsibilities – some issues will be best addressed at certain geographies. And, third, as demonstrated by the public polling in Chapter Two, evidence suggests new revenues raised through changes to tax and specific one-off levies would be supported by the general public.

#### Hypothecating future increases in council tax

As such, and further to the public polling results we have presented in Chapter Two, we believe places should consider hypothecating future council tax rises to certain services and issues. This could be in the form of a precept tied to specific services, the precedent for which already exists: many upper-tier authorities have recently introduced precepts for social care, police and fire services are partly funded by specific precepts, while city-region mayors have powers to introduce a precept.

It could also be in the form of time-limited levies, as was the case with the £20 annual levy Londoners paid between 2006/07 and 2016/17 as part of a £625 million council tax contribution to the Public Sector Funding Package for the 2012 Olympic Games. Levies could also be made voluntary and either opt-in or opt-out. As evidenced by the polling, when they are given the choice, a large proportion of people are willing to contribute extra when they know what it is spent on.

It is important new local taxes are tied to a set of aims and outcomes. As one roundtable attendee said, it would provide a more direct and closer link between state and citizen: “The visual things are much more easy to fund. A theatre, if you can see it being repainted, or rebuilt, that is much easier.”<sup>25</sup> Indeed, from the Eady Levy on cinema seats introduced 1940 used to fund the British film industry, to the 2018 sugary soft drinks tax used to fund sport, there is a long history of hypothecated funding in the UK.

#### Enabling hypothecation of council tax

The potential for hypothecated council tax rises in England is limited by central legislation. Since the 1984 Rates Act, government has been able to selectively cap local authority rate levels. In the 2011 Localism Act, this power was conferred to the public via local referendums automatically-triggered when proposed council tax increases are deemed to be ‘excessive’ by the Secretary of State. For the latest financial year, the following thresholds were set on a Band D bill:

- 3 percent (or £5.00) for district councils
- 6 percent for county and unitary authorities (of which 3 percent is to be directed towards social care – albeit with caveats<sup>26</sup> – and 3 percent on general funding)
- 3 percent for fire and rescue authorities and the GLA
- £12.00 for Police and Crime Commissioners

In Scotland similar capping legislation exists. The devolved government has frozen council tax across the country for the past nine years and this year the

<sup>25</sup> Roundtable attendee

<sup>26</sup> From 2017, county and unitary authorities can increase council tax by up to 6 percent over the next three years. This could mean two increased of three percent. Or three increases of two percent.

thirty-two local authorities are able to raise the basic bill by 3 percent. In Wales, the devolved government does not set a formal cap on council tax rises. (This may go some way to explaining why Welsh respondents to the public polling were least willing to contribute something extra for local services and issues.) However, they expect an informal limit of 5 percent which has never been challenged.

Ideally capping legislation in England and Scotland would be scrapped. It is an unnecessary block on local revenue-raising which Sir Michael Lyons, in his independent inquiry into local government, said “confuses accountability and can have perverse effects”.<sup>27</sup> Unless the billing authority reduces its core budget – which, given the significant cuts they have faced and inexorable demand pressures, is unlikely – it significantly limits a place’s ability to monetise goodwill.

With little parliamentary time for legislation that is not Brexit-related, the reality is legislation in England is likely to remain.<sup>28</sup> Nonetheless, with power to determine the principles by which council tax is seen to be ‘excessive’ – or not determine any at all – the Secretary of State has flexibility to enable the monetising goodwill agenda space to thrive. They should set the thresholds higher, or not at all, with the explicit provision that council tax rises reflect local priority. The Secretary of State should also consider setting different thresholds across the country. Already set by the category of authority, they could be determined by service-need grounds or a willingness to contribute more, as evidenced in this report.

An important factor is that extra revenues raised through local hypothecation are treated outside a local authority’s ‘core spending power’ when government sets the local government finance settlement. As we have argued, the monetising goodwill agenda we propose is not a route to sustainable council finances, but one tied to specific projects and aims. If hypothecated funding streams are treated as such, the incentive to introduce them will be less.

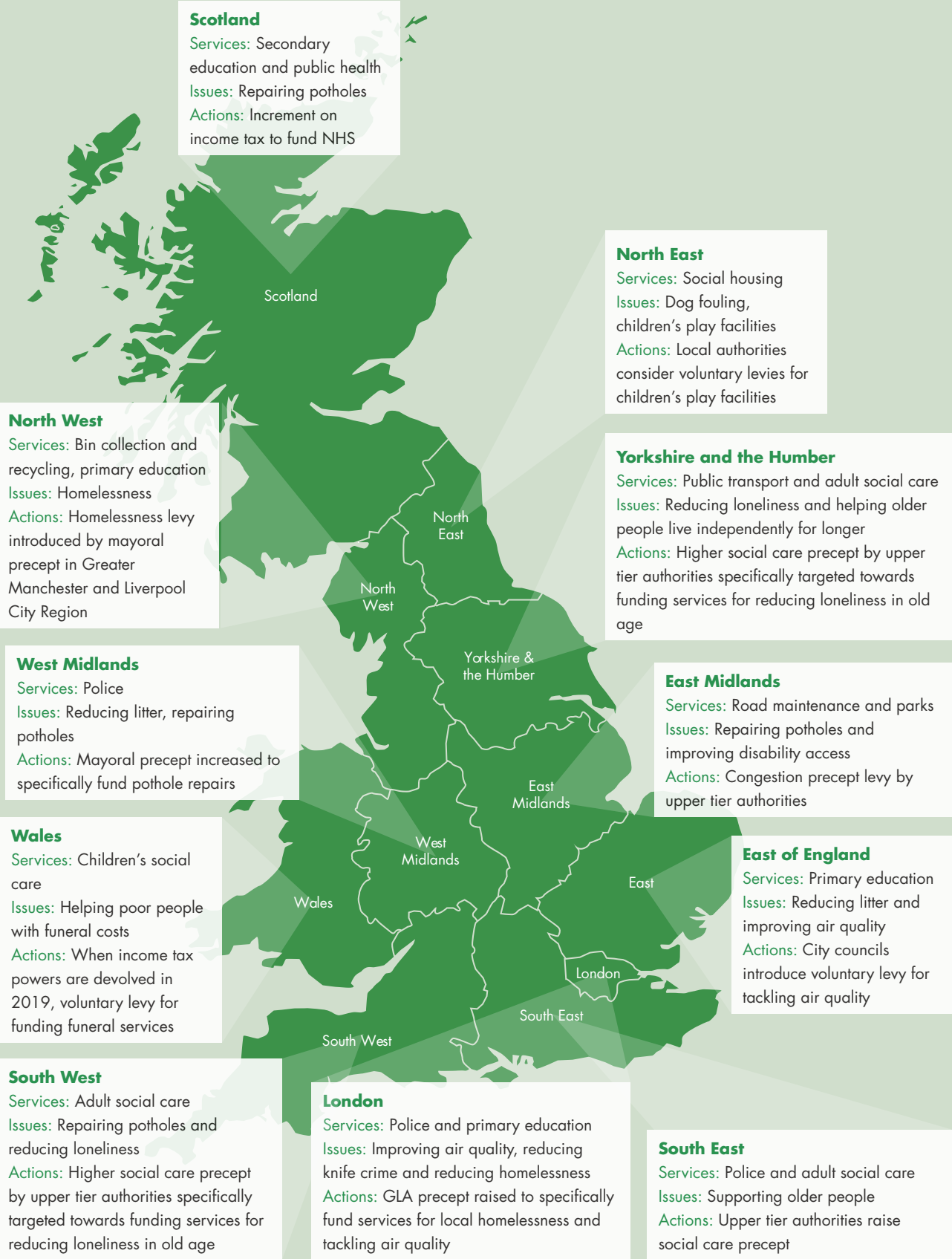
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<sup>27</sup> Lyons Inquiry (2007) - Final report and recommendations

<sup>28</sup> The same is true in Scotland, albeit because the nine-year freeze has only just been lifted.



**Figure 8:** What hypothecated council tax rises could be introduced and where? Prominent services and issues by region, and suggested actions.



Source: YouGov Plc Polling Data.

## Monetising goodwill through greater fiscal powers

Although we believe it is the central platform to monetising goodwill, local tax hypothecation is not limited to council tax regimes. In Scotland, for instance, parliament has powers to set rates and thresholds of income tax (indeed a new regime has just been introduced).<sup>29</sup> It also controls half of VAT receipts. The Welsh Assembly has fewer powers in comparison to Scotland, though from 2019 ministers will be able to vary rates of income tax by up to 10p within each band. The legislative environment in both countries allows each devolved administration to pursue the monetising goodwill agenda at a national level, as well as local.

In England, the current legislative environment prohibits the introduction of new levies such as local sales taxes and a local income tax. Yet in the longer term, as places are provided greater fiscal freedoms and flexibilities, the same principles we argue for in this report could be applied to them too.

## Monetising the goodwill of businesses

The focus of the research for this report has been monetising the goodwill of *people*. However, another avenue for places to explore is monetising the goodwill of *businesses*. As local authorities retain a greater share of the business rates they collect – government aims for councils to retain at least 75% of business rates by 2020-21 – the Revenue Support Grant provided by government will be phased out. The funding of services such as social care will therefore be more dependent on local businesses.

Their greater contribution to the local purse should not mean businesses are providing a role in local democracy, yet there is a role for places to consult businesses on what they would contribute extra to support in the wider community. For example, £4 billion of Crossrail is being funded by a supplementary levy on business rates in London. Combined authorities have also been provided this freedom to fund new infrastructure and many are planning to use it in the next few years. Further to this, places could also look to introduce payroll levies – a local tax imposed on employers or employees who *work* in a place but do not *live* there – however they are currently limited to do so by legislation.

A second more common example is the role of Business Improvement Districts (BIDs). Established by a ballot of local businesses, each of which are liable for a levy to fund the organisation, “BIDs are partnerships between local authorities and local businesses which are intended to provide additional services or improvements to a specified area.”<sup>30</sup> The services they provide tend to include street cleaning, security and place-marketing. For the many places without a BID, their creation would establish the platform to monetise the goodwill of businesses.

## 3.2 Citizen-led budgeting

Across the Western world, governments and politicians have placed an emphasis on giving citizens a more direct role in decision-making. The Five Star Movement, the larger party in Italy’s governing coalition, has focused on engendering greater participation through the internet. In France, President Macron has introduced ‘democratic conventions’ to discuss Europe’s future (though those plans have been criticised for their weakness in comparison to his original campaign pledge).<sup>31</sup> In Madrid, the city council allows proposals and votes for new local laws and has a participatory budget decided through online polling. The budget allocated €60 million in 2016 and was spent on issues such as municipal nurseries, tree planting and the restoration of fountains and urinals.

Although it will not directly engender more giving, we believe greater public participation in decision-making, specifically citizen-led budgeting, should form a key

29 BBC News (2018) - New Scottish income tax system comes into force

30 House of Commons Library (2016) - Business Improvement Districts (BIDs)

31 Politico (2018) - Macron’s sham democracy

plank of the monetising goodwill agenda. If citizens are asked to contribute more to their place, an important principle is that they are provided more of a say in how funding is spent. It can set a platform for greater trust, involvement and buy-in for a place's policy programme, furthering local patriotism. Bolstering the structures upon which local authorities can raise greater revenue for their budgets is an important part of our proposals, but equally so is getting communities engaged in responding to the issues that matter most to them.

### Budget prioritisation in Liverpool

As part of its plans to find budget reductions of £90m, Liverpool City Council ran an online consultation with the public asking what services should be protected, reduced or stopped. As part of the budget simulator, people were also asked how they thought the council could balance its budget. It was reported 500 people completed the simulator in its first week.<sup>32</sup> 43 percent of respondents said they would be willing to pay a council tax increase of up to 10 percent if the extra revenues were ring-fenced for children's and adult's services for the most vulnerable.

Government has supported participatory budgeting in the UK since 2006. Since then, efforts have focused on small-scale projects at the neighbourhood and ward level with similarly low-level budgets (mostly £100,000 or less).<sup>33</sup> There is potential to scale the principles of participatory budgeting to a whole local authority level. Using council tax forms, local authorities could ask households to identify their spending priorities for the area. This could be for existing and new spending:

**Check-offs.** Households could be invited to direct a percentage of their council tax, up to a limit, to certain services or issues. There is a precedent for this in the USA. In the 1992 Election, President George H.W Bush's proposed letting taxpayers commit 10% of their payment to reducing the national debt.<sup>34</sup> The American 1040 tax form also allows taxpayers to direct \$3 of their federal tax to presidential election campaign funds (though only 6% do).<sup>35</sup> And as detailed in the box below, a scheme targeted at all taxpayers in the Japanese city Ichikawa, on the outskirts of Tokyo, has been successful in directing more funding to community organisations.

**Voluntary top-ups.** On top of the core part of a household's council tax bill, the form could include voluntary levies hypothecated to funding certain issues. As we argue in Chapter 3.1, these could either opt-in or opt-out. Voluntary levies have been introduced in Westminster and Islington – for homelessness and early intervention services respectively – though they have been targeted at the wealthiest part of the population.

**Spending package votes.** If a local authority intends to raise council tax, it could offer residents the choice to vote on a set of spending packages. This would enable greater buy-in for a council's programme – be that the total budget, or the extension that higher rates of council tax would fund.

32 Liverpool Express (2016) - Thousands visit budget simulator in first week

33 Department for Communities and Local Government (2011) - Communities in the driving seat: a study of Participatory Budgeting in England

34 Washington Post (2015) - We should get to decide how the government spends our taxes

35 Washington Post (2015) - We should get to decide how the government spends our taxes

### 1 percent support scheme in Ichikawa City

As part of reforms for a stronger civic society, the former mayor of Ichikawa City, Chiba Mitsuyuki, introduced a scheme where taxpayers can donate 1 percent of their income tax to non-profit organisations. Non-profit organisations apply to receive funding and must fit a set of criteria – e.g. local offices, non-political, non-religious – and then funding allocations are voted on by citizens.

The OECD report “the scheme provides citizens in Ichikawa City with important services which could not be funded by the local authority... the activities of the nonprofit organisations improve the wellbeing of groups of citizens who are at risk of being marginalised and isolated.”<sup>36</sup> In 2014, 117 local non-profits are reported to have received funding, focused on supporting older people, disabled people, parents and organisations concerned with the environment, culture and sport.

## 3.3 Community contributions

A policy agenda for monetising goodwill needs to exist beyond the state. From council leaders to third sector workers, this was raised time and again throughout our research. As one roundtable attendee put it, community-led organisations can be entrepreneurial and creative with a vested interest in a way that a council cannot. Moreover, although local government is generally trusted by a public mostly satisfied with how councils are run,<sup>37</sup> the reality is the public are also wary of tax rises and the efficacy of state delivery. An agenda that furthers goodwill and presses for it to be a more present part of civil society therefore relies on non-state organisations too.

One part of this is local authorities working with community organisations as delivery partners in the spending of new revenues raised through hypothecated local taxation. In a number of cases, communicating that services will be delivered with one or a set of community organisation(s) is likely to attract more public support for higher contributions.

The second part is greater revenue raising outside the formal bounds of the state. From restoring historic buildings to keeping libraries open, community-led fundraising has long been a feature of places up-and-down the country. It has been estimated that £9.7 billion was donated to charity by British people in 2016.<sup>38</sup> Yet so, increasingly, is community-fundraising a part of local authority practice too. As revenue budgets have declined and their capacity to perform non-statutory duties weakened, throughout our research we heard how more and more local authorities have looked to community-fundraising as a means to provide public assets and, sometimes, services.

While it should not be a means to delivering statutory services, there is clearly a positive role for local authorities in engendering greater community-fundraising. The challenge is encouraging new community-fundraising without stifling it. As a county council finance director who had worked on a community library fundraising scheme put it: “The danger of the local authority is that they want to be specific and disciplined, and then people come in with enthusiasm and don’t like the discipline.” Places need frameworks in place that increase the opportunity to donate, while remaining within the law on issues surrounding health and safety, insurance and public liabilities, all without dampening public enthusiasm.

Within the wide scope for local authority-supported community fundraising – for which a great deal of precedent and ingenuity already exists – three possible measures stand out:

**Crowdfunding** is a way of raising finance by using online websites as a platform to ask members of the public for small amounts of money for a specific project. Typically it takes three forms: a) donation crowdfunding where people

36 OECD (2018) - The 1% Support Scheme in Ichikawa City

37 LGA (2017) - Polling on resident satisfaction with councils

38 Charities Aid Foundation (2017) - An overview of charitable giving in the UK

donate money to a project, b) debt crowdfunding where donors loan the money for the project (known as P2P lending) or c) equity crowdfunding where money is exchanged for a stake in the project.

There are over 3,500 giving platforms internationally,<sup>39</sup> and in 2015 alone, £3.2 billion of loans, investments and donations were made through crowdfunding platforms in the UK.<sup>40</sup> The increasing use of crowdfunding across the world reflects how the model has moved from being a charitable means to also one that is a core part of many business models. From publishers to inventors, crowdfunding has disrupted the finance market. Last year the Chancellor Phillip Hammond praised its “growing importance” in the economy. While it is unlikely local authorities could use it to the scale charities and businesses do, crowdfunding is a significant opportunity for local government.

The Local Government Information Unit has reported that many local authorities already use crowdfunding platforms as alternative sources of finance to fill funding gaps.<sup>41</sup> Last year it was reported forty-five councils had begun using civic crowdfunding since 2015.<sup>42</sup> Many social infrastructure projects have been funded through crowdfunding that otherwise would not have been taken forward. For instance, in Brighton and Hove, the council launched a crowdfunding appeal to fix seafront terraces in the wake of missing out on grant funding. The appeal successfully raised £463,007 from 2,095 backers, with the council contributing £100,000.<sup>43</sup> For their part, donors of over £2 were able to vote on the types of businesses able to move into the renovated space.<sup>44</sup>

Local authorities are also using crowdfunding platforms to determine the popular appeal of certain projects. For instance in 2015, Lewisham Council decided the allocation of a £100,000 funding pot by inviting local groups to upload project proposals on Spacehive, where the most popular projects secured £10,000.<sup>45</sup>

In its ability to raise additional revenue, and the chance it provides members of the community to invest directly in their place’s economy and infrastructure,<sup>46</sup> there are clear benefits to the crowdfunding platform that can enable places to further, and monetise, goodwill. Crowdfunding represents a relatively transparent form of giving, as donations are used for specific community-based projects that can be easily tracked.<sup>47</sup> It can engender community buy-in, providing members of the public a sense of control of where money goes in a way that traditional forms of revenue raising do not.<sup>48</sup>

Crowdfunding can also have positive wider implications. There is evidence that crowdfunding has helped more people become involved in volunteering, with a reported 27 percent of people who support a crowdfunding campaign later becoming volunteers for the project.<sup>49</sup> Crowdfunding can, therefore, help to promote civic engagement in community development initiatives, and can be used as a tool to help foster a greater sense of local patriotism.

Where they do not already, local authorities should look to integrate crowdfunding with their community development plans. There is a clear precedent of past successes and there is much to gain and little to lose. When many local authorities are so focused on balancing their budgets and dealing with the day-to-day funding pressures of social care, crowdfunding is an

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39 Fast Company (2017) - How will the rise of crowdfunding reshape how we give to charity?

40 Hubbub (2016) - How can charities & community groups make the most of crowdfunding?

41 LGiU (2017) - Crowdfunding for local authorities

42 Independent (2017) - How UK councils are crowdfunding themselves out of a crisis

43 Spacehive (2017) - Madeira Terrace

44 The Guardian (2017) - People power: how cash-strapped councils are turning to crowdfunding

45 LGiU (2017) - Crowdfunding for local authorities

46 The Guardian (2017) - People power: how cash-strapped councils are turning to crowdfunding

47 Hubbub (2016) - How can charities & community groups make the most of crowdfunding?

48 CityLab (2017) - The Rise of Public-Sector Crowdfunding

49 Hubbub (2016) - How can charities & community groups make the most of crowdfunding?

opportunity for creative thinking to preserve non-statutory local services. Nonetheless, a greater use of crowdfunding brings with it several challenges. One is moral and legislative – funding for certain services, those that are statutory, should not rely on community contributions. The second is around access – crowdfunding is initiated by those who are online, and understand how the process works. This risks excluding those without internet access or basic online knowledge. The third is economic – low-income neighbourhoods are unlikely to have the capacity of higher-income neighbourhoods to crowdfund projects for their area.

**Community share issuance to fund asset transfers.** Whether it has fallen into disrepair or a local authority simply does not have the resource or capacity to be its custodian any longer, the transfer of public assets to a community is another opportunity for places to monetise goodwill. Local authorities can offload running costs and raise funds if the asset is sold.<sup>50</sup> And, by owning and managing the asset, communities can run the assets in their interests.

Local authorities have been able to transfer assets to the community since 1972. Typically asset transfer happens in several ways: a license to occupy (short-term arrangement), a short term lease (less than 10 years), long term lease (greater than 20 years) or freehold.<sup>51</sup> The 2011 Localism Act also provided communities with the power to nominate assets of community value. If the local authority agrees, the community is given the chance to purchase the asset.

While local authorities are generally supportive of asset transfers, the process also tends to cost them money, often needing to set up a sinking fund. A mechanism to avoid this, and to encourage communities to raise the equity themselves, is greater usage of community share issuance. This is a model of investment where members of the community pool and invest their money to save local assets or start up new community-based enterprises. It is a way of raising finance for community ventures, for instance the buying of pubs, community spaces and developing community energy schemes, and provides residents the chance to own and direct local assets.<sup>52</sup> It has been reported community shares represent the second largest form of crowdfunding in the UK.<sup>53</sup>

Over 250 community share offers have been made since 2010, raising more than £50 million. Examples range in scale. In Manchester, for instance, the football club FC United, is co-operatively owned to ensure it stays fan-led as opposed to profit led. In Bath, a community raised £700,000 to purchase their local pub 'The Bell Inn' in 2013. And in, Stretford, as explored more fully in the box across the page, the Public Hall is now owned by a community group.

The community share model adopts a 'one member, one vote' structure of decision-making, providing everyone involved an equal say no matter the size of their shareholding.<sup>54</sup> It also places legal limits on the amount one individual may invest to reduce dependence on large investors.<sup>55</sup> Moreover, returns on investments are paid according to the success of the project, but are to be 'no more than that required to attract the investment' according to FCA rules.

For local authorities, the challenge is spreading awareness of the community share model and identifying the local projects where it could be implemented. The model should be integrated into community development plans and asset transfer strategies should encourage communities to adopt the model.

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50 In Milton Keynes for instance, the council plans to transfer fifty assets to the community to save £300,000 in maintenance costs – Power to Change (2016) - Community asset transfers must not turn into liabilities

51 My Community (2016) - Understanding the community ownership/management options relating to public assets

52 My Community (2018) - Community Shares

53 Community Shares (2018) - About Community Shares

54 Community Shares (2018) - About Community Shares

55 Community Shares (2018) - The Community Shares Handbook



## Community ownership of Stretford Public Hall

Stretford Public Hall became a community owned building in February 2015. After registering the building as an Asset of Community Value and seeking to secure ownership of the local asset, the Friends of Stretford Public Hall local community group were given approval to purchase Stretford Public Hall for the sum of £10. The sale followed an extensive period of marketing the building and the bid from the Friends Group closely matched Trafford Council's desire to see Stretford Public Hall continue to be a main focal point for community life in Stretford.

The Friends Of carried out extensive feasibility work. In 2016, Friends of Stretford Public Hall was successful in applying to the Power to Change Community Shares Booster programme, to secure development finance to progress their plans for raising capital investment through a share offer, and the option of matched equity investment from the Foundation, matching local investment £ for £, up to a maximum of £100k.

The share offer sought investment to renovate the ballroom to host an array of events, and generate increased revenue and sustainability for the organisation. The share offer was successful, closing in March 2017, and raising over £255,000 from more than 800 members (including Trafford Council and several other non-profits based locally). The majority of the investors were residents based locally to Stretford, and investing in instalments, thereby permitting an inclusive investment proposition for local people (and potential users).

**Technology enabling new forms of donation.** As card and mobile payments increasingly replace cash, 'touch and go' technologies enable new ways of fundraising. For a number of charities this technology is a lifeline as fewer people carry cash, even if they want to donate. For instance, the Dutch company N=5 have launched a 'Helping Heart' jacket, which is a warm winter coat that incorporates a payment reader and LCD screen in it. Members of the public are able to donate €1 via contactless card payments,<sup>56</sup> with money directed to an account run by a homeless shelter on behalf of the individual. Donations are then used for food, shelter or clothing.<sup>57</sup> A similar initiative has been piloted by the organisation Blue Cross, who installed contactless payment stations on their dog coats. This enables members of the public to donate to the charity when petting the dog. The charity Macmillan has also installed 'smart benches' in Islington and Lewisham that allow people to donate by tapping their card on the bench.<sup>58</sup>

As well as charities, a number of institutions have also taken to using contactless technologies. For instance, GoodBox has launched 'Tap to Give' technologies in twelve Church of England cathedrals, seven museums and five hospitals. And in Norfolk and Norwich University Hospital NHS Foundation Trusts, 'smart posters' have been installed which invite visitors to donate with a tap of their smartphones.<sup>59</sup>

With ownership of large parts of town and city centres and control of land use, there is a positive role that local authorities can take in making it easier for people to be philanthropic via contactless technologies. Donation points could be introduced on street lamps as part of the contracts upon which they are replaced. Working with central government, franchises for motorway service stations could stipulate new donation points must be built as part of its operation. And for certain types of building – for instance shopping centres – planning permission could depend on the provision of such donation points.

In terms of what causes people could donate to, it is important they are linked to specific issues most in an area. Our public polling results indicate regional trends, and it could be that donations are made directly straight to a charity or tied to specific projects.

56 BBC News (2017) - Is 'tap and go' a better way to give to charity?

57 European Fundraising Association (2017) - Innovation in Fundraising

58 BBC News (2017) - Is 'tap and go' a better way to give to charity?

59 Thyngs (2017) - Thyngs powers cashless donations for hospital charity

## 4. Policy recommendations

### Extending hypothecated local taxation:

- Government should amend the Localism Act 2011 to remove Section 72 of Chapter 1 of Part 5. This clause introduced the referendum scheme for 'excessive' council tax rises.
- Failing the scrapping of the referendum scheme, in the 2019/20 Local Government Finance Settlement, when laying their report before the House of Commons under section 52ZD(1) of the 1992 Act, the Secretary of State for Housing, Communities and Local Government should set council tax referendum thresholds at a rate that enables places to set hypothecated taxes and levies more freely. Like the social care precept, the Secretary of State should stipulate that greater freedoms are used specifically for hypothecated taxes and levies and for services and issues that reflect local public will. The Secretary of State should also consider setting different thresholds by service-need grounds or a willingness to contribute more.
- The GLA, mayoral combined authorities, county councils, local authorities and town and parish councils should explore more widely the possibilities of levying hypothecated taxes at the local level. We have identified services and issues that are likely to carry public support using the public polling conducted for the report. However, local areas and their leaders will know best which services and issues need funding most.

### Providing citizens a more direct role in budget setting and priorities:

- Local authorities should use council tax administration forms to provide citizens the opportunity to direct new and existing funding in line with their priorities. Billing authorities should consider the following options:
  - Provide residents with the opportunity to direct up to twenty percent of total revenue raised to specific services and for achieving certain outcomes.
  - Include the voluntary option to pay higher funding directed to specific services and issues, on top of the core bill. Billing authorities should limit the number of issues to pay for.
  - Allow residents the opportunity to vote on specific spending packages. This would need to align with local elections.



### Increasing contributions in the community and outside the formal bounds of the state:

- Local authorities should further integrate crowdfunding platforms, asset transfers and community share models with their community development plans. Each campaign should be tied to specific community renewal projects.
- Using their procurement, franchising and planning powers, local authorities should introduce contactless donation points in town and city centres. Donations should be tied to specific projects and issues, either via charities or other community organisations.

## 5. Appendices

### 5.1 Willingness to pay something extra in tax per month by service by region

	NE	NW	Yorks	EM	WM	East	LDN	SE	SW	Wales	Scot
Arts and heritage	30	31	36	46	32	32	35	39	31	27	31
Bin collection and recycling	30	45	37	50	37	36	40	34	37	34	33
Parks and open spaces	35	49	51	57	41	45	47	46	42	40	33
Libraries	36	45	47	55	38	42	48	43	44	39	38
Nurseries	37	39	42	41	37	34	42	33	36	30	32
Secondary education	39	46	49	56	45	48	50	42	45	37	44
Public transport	42	39	44	42	32	35	47	36	38	33	38
Social housing	42	40	46	45	38	39	46	35	40	31	41
Primary education	43	52	50	53	47	53	54	46	47	49	42
Road maintenance	45	45	46	65	48	51	46	46	51	43	51
Children's social care	50	51	54	58	49	54	55	51	52	53	46
Adult social care	52	59	62	63	49	55	57	57	62	50	51
Police	55	56	62	63	58	57	61	64	57	50	49
Fire	56	58	59	60	56	53	58	59	62	56	50
Public health	63	65	68	74	55	67	65	68	71	56	63

Source: YouGov Plc.

## 5.2 Willingness to pay something in voluntary levy by issue by region

	NE	NW	Yorks	EM	WM	East	LDN	SE	SW	Wales	Scot
Reducing prostitution	10	23	22	28	23	21	26	20	15	17	17
More theatres	18	23	26	31	22	21	29	23	21	21	17
Removing graffiti	25	26	25	40	26	27	32	28	25	22	26
Faster Wi-Fi	24	28	39	32	27	26	26	27	29	38	31
Improving mobile phone reception	20	32	30	31	24	23	24	22	24	25	26
More museums and libraries	33	32	44	44	33	30	41	38	35	24	32
Improving sexual health	27	33	32	41	31	26	35	33	28	27	25
Encouraging more people to become foster carers	28	33	42	44	33	29	36	32	32	34	23
Reducing dog fouling	40	38	26	36	32	35	32	28	28	35	36
Reducing traffic congestion	30	39	45	52	41	38	41	41	41	28	29
Improving public bus service	34	40	41	41	41	40	39	41	40	37	38
Reducing litter	42	40	36	51	48	41	45	43	40	40	40
Reducing drug and alcohol misuse	39	41	43	47	41	36	42	41	39	41	39
Improving air quality	38	44	50	51	43	49	55	51	45	45	40
More children's play facilities (centres, playground, parks)	50	47	50	55	42	42	43	47	41	42	38
Reducing knife crime	35	50	50	63	47	50	55	47	43	42	37
Reducing loneliness	46	50	59	62	44	53	45	55	53	51	43
Helping poor people with funeral costs	41	51	45	55	50	41	40	46	41	50	42
Reducing anti-social behaviour	57	53	50	58	47	51	50	53	50	45	44
Repairing potholes	46	54	51	65	53	52	45	50	53	45	57
Improving disability access (e.g. pavements and buildings)	51	55	59	64	48	47	52	57	49	57	50
Support for local homeless people	48	57	59	64	52	54	57	57	58	50	56
Helping older people live independently for longer	56	61	71	76	59	63	58	67	63	60	59

Source: YouGov Plc.

### 5.3 Willingness to pay something extra in tax per month by service by gender, politics and age

	Male	Female	Conservative	Labour	Remain	Leave	18-24	25-49	50-64	65+
Arts and heritage	33	35	28	43	44	27	41	35	31	34
Nurseries	38	37	31	44	44	30	46	35	35	38
Bin collection and recycling	39	37	32	44	45	32	42	35	36	38
Public transport	40	38	33	46	48	32	44	36	37	43
Social housing	41	41	33	52	52	35	42	37	42	43
Libraries	45	43	38	52	51	38	43	42	43	47
Parks and open spaces	46	43	41	52	53	40	45	47	42	43
Secondary education	47	47	41	57	60	38	52	46	42	46
Primary education	48	49	45	59	59	43	56	49	48	47
Children's social care	50	55	50	63	63	47	58	51	52	56
Road maintenance	53	45	52	51	55	48	50	48	46	51
Fire	55	60	59	63	65	56	57	55	56	61
Adult social care	56	58	55	64	67	52	55	52	58	63
Police	57	58	61	63	64	59	57	55	57	63
Public health	66	63	63	73	74	60	64	62	66	68

Source: YouGov Plc.

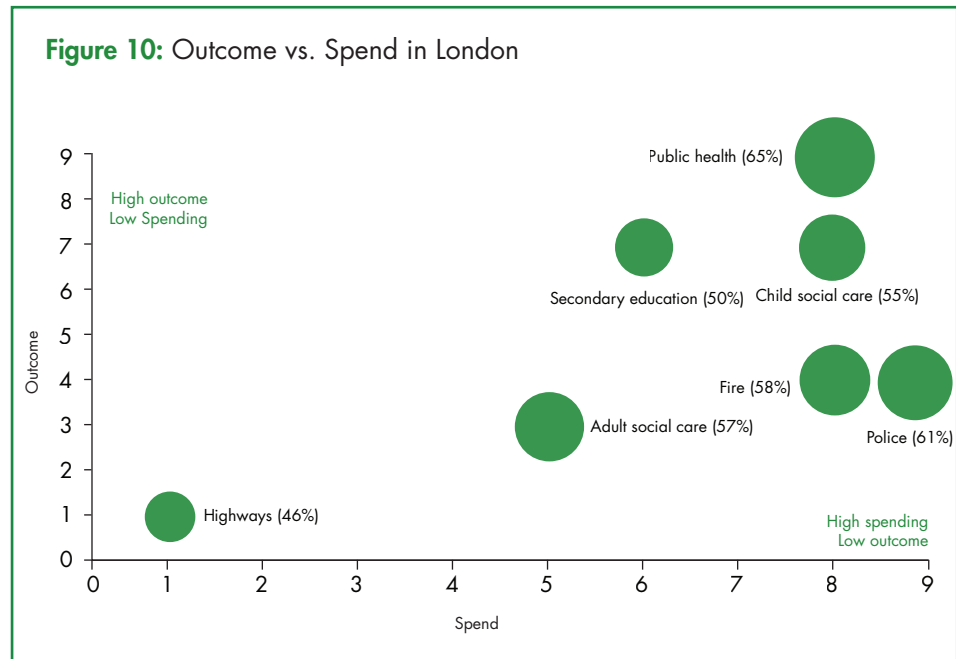
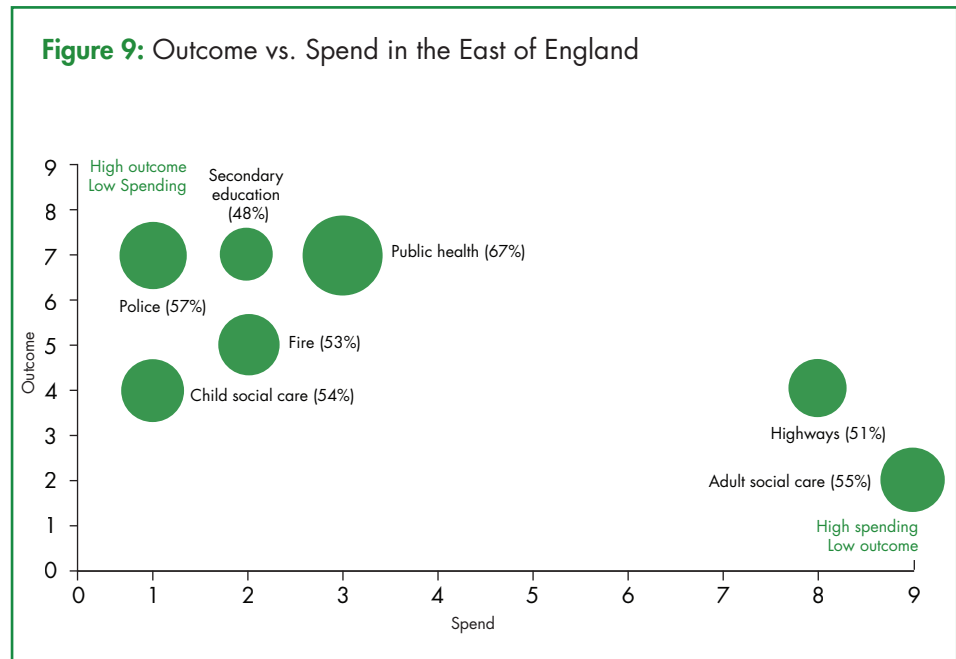
## 5.4 Willingness to pay something in voluntary levy by issue by gender, politics and age

	Male	Female	Conservative	Labour	Remain	Leave	18-24	25-49	50-64	65+
Reducing prostitution	16	25	14	26	27	13	41	22	17	14
More theatres	20	26	18	30	29	18	36	23	23	20
Improving mobile phone reception	26	27	20	33	30	19	47	23	20	25
Improving sexual health	28	34	22	42	40	23	55	32	25	26
Removing graffiti	29	27	27	31	31	27	31	27	29	27
Encouraging more people to become foster carers	31	37	29	41	38	28	48	33	28	31
Faster Wi-Fi	31	28	27	36	35	23	43	28	26	27
Reducing dog fouling	31	35	30	37	38	29	35	32	31	33
More museums and libraries	35	38	31	45	44	30	42	37	33	32
Reducing drug and alcohol misuse	36	45	38	51	50	36	52	39	36	43
Improving public bus service	38	40	38	46	45	35	47	35	36	44
Reducing traffic congestion	39	41	42	43	45	39	44	40	35	41
More children's play facilities (centres, playground, parks)	42	46	40	54	52	40	52	47	43	40
Helping poor people with funeral costs	43	48	41	51	49	41	58	42	38	49
Reducing litter	43	41	40	48	48	40	54	42	36	43
Reducing knife crime	46	51	49	54	53	44	56	46	47	52
Reducing loneliness	46	56	48	58	60	48	56	49	52	53
Improving air quality	48	48	42	56	55	41	59	48	43	46
Improving disability access (e.g. pavements and buildings)	50	56	52	60	61	49	63	50	48	59
Reducing anti-social behaviour	51	51	52	55	57	49	53	51	47	53
Support for local homeless people	51	61	49	67	65	50	66	54	55	57
Repairing potholes	53	52	55	56	59	51	56	49	49	58
Helping older people live independently for longer	62	64	65	69	70	60	63	59	62	72

Source: YouGov Plc.

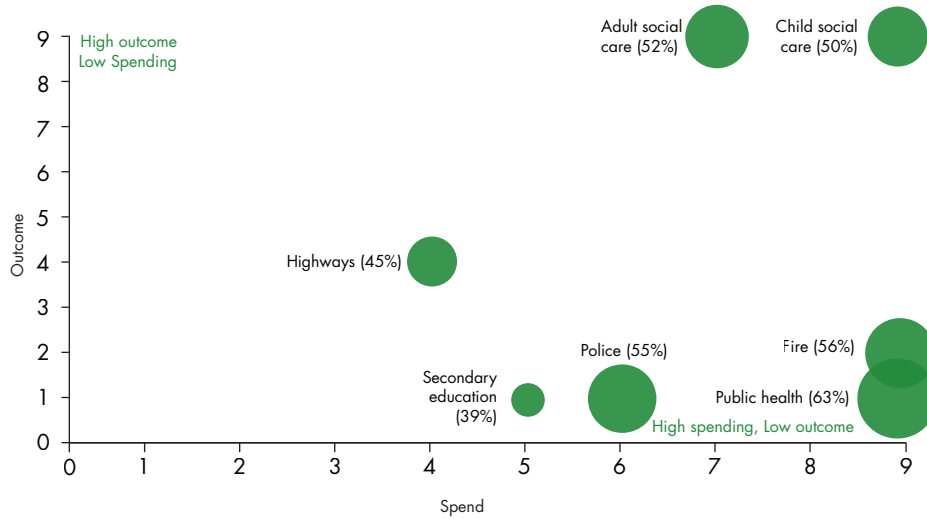
## 5.5 Service outcome versus service spend by region

Using data and analysis from Grant Thornton UK LLP's CFO Insights, the graphs below shows a region's outcomes for local services against their spend on those local services, when compared to other regions. 'Outcome' is derived from a region's rank for the service indicator in question. These indicators are provided in the table at the end of this appendix. 'Outcome' is shown in reverse ranking order. So, the better the outcome, the higher the value. 'Spend' is derived from a region's rank for its spend on the relevant service. The higher the spend, the lower the value. The size of each circle also represents corresponding willingness to pay (actual number is included in brackets).

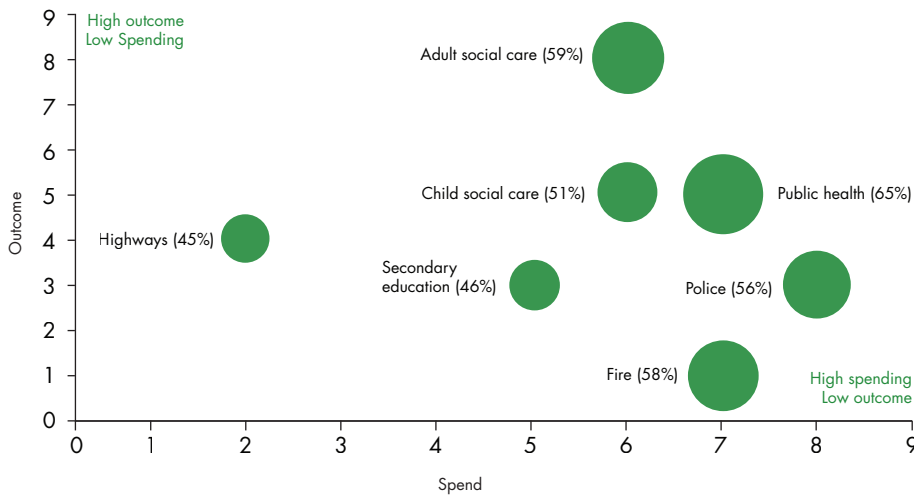


Source: YouGov Plc and Grant Thornton UK LLP - CFO Insights

**Figure 11:** Outcome vs. Spend in the North East

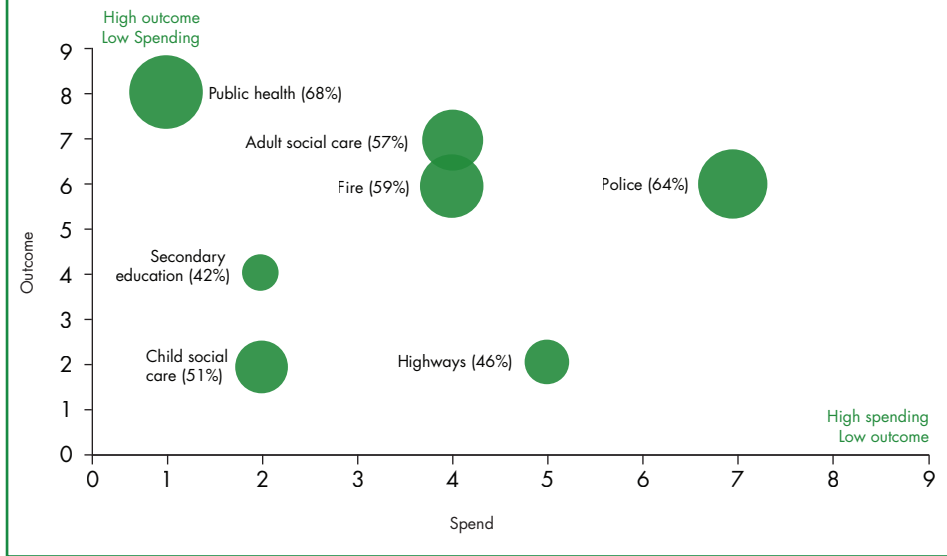


**Figure 12:** Outcome vs. Spend in the North West

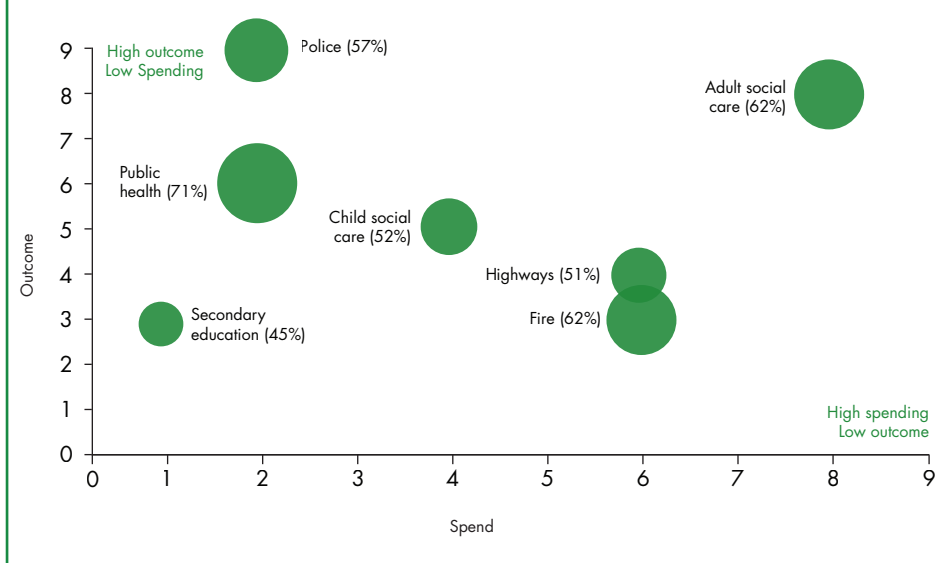


Source: YouGov Plc and Grant Thornton UK LLP - CFO Insights

**Figure 13: Outcome vs. Spend in the South East**



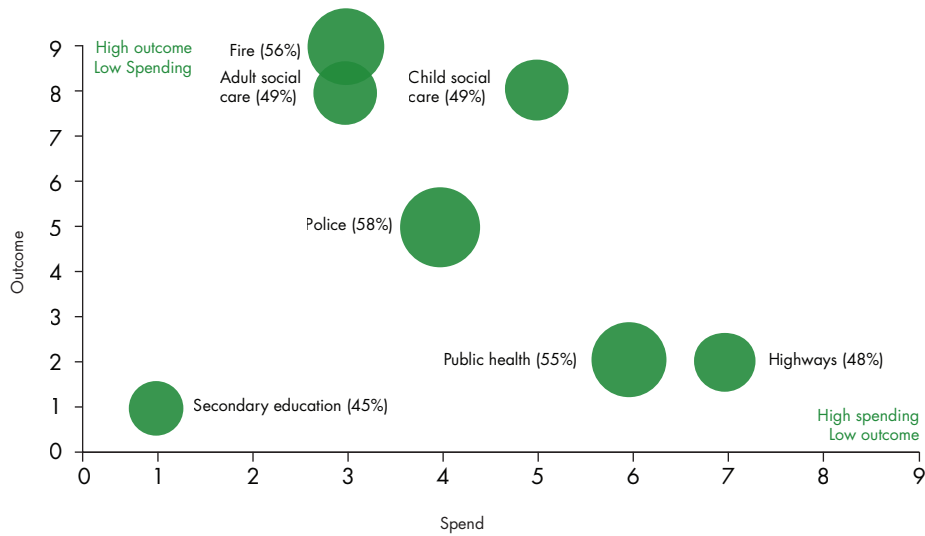
**Figure 14: Outcome vs. Spend in the South West**



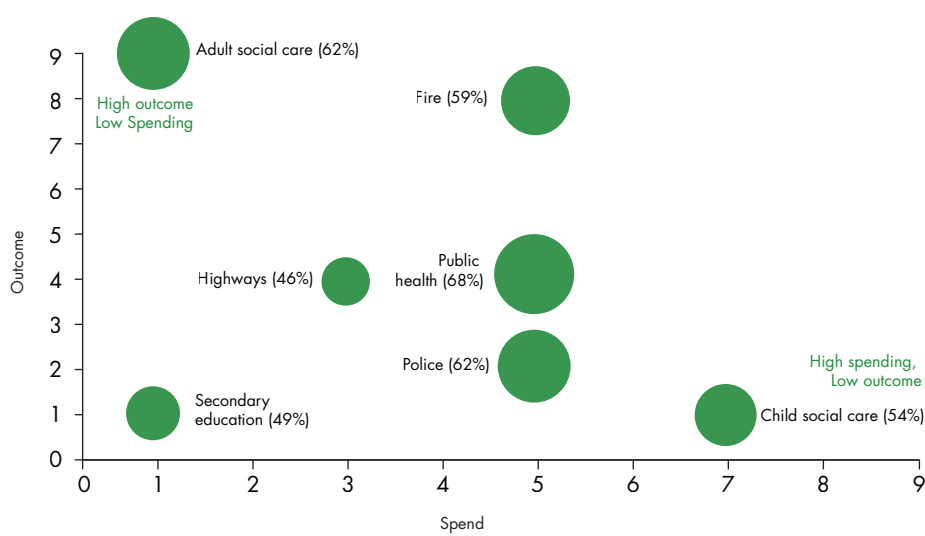
Source: YouGov Plc and Grant Thornton UK LLP - CFO Insights



**Figure 15:** Outcome vs. Spend in the West Midlands



**Figure 16:** Outcome vs. Spend in Yorkshire & The Humber



Source: YouGov Plc and Grant Thornton UK LLP - CFO Insights

## Outcome indicators

Theme	Outcome	Source
Adult social care	Overall satisfaction of carers with social services	ASCOF
Child social care	Average Attainment 8 of Looked After Children	Department for Education
Public health	Proportion of population that assessed their health to be 'Very Good'	Census
Police	Total crimes per 1000 population	Police Recorded Crime, ONS
Fire	Fire incidents per 1000 population	Home Office
Highways	Proportion of principle roads that should consider maintenance	Department for Transport
Education	Average Attainment 8 score per pupil	Department for Education

Source: Grant Thornton LLP

## 5.6 Significance testing of polling comparisons

Throughout this report, the proportions of different groups that are willing to pay are compared and contrasted. Significance testing for these comparisons was carried out by Localis using proportions provided by YouGov. Below are the two-tailed probabilities (p-values) for these comparisons, computed using z-tests for sample proportions at a 95% confidence level.

Service/issue	P-Value
East Midlands vs. Total	
Repairing potholes	0.003
Parks and open spaces	0.0003
Road maintenance	0.004
Yorkshire and the Humber vs. Total	
Reducing loneliness	0.000
North West vs. Total	
Bin collection and recycling	0.043
Women vs. Men	
Road maintenance	0.000
Reducing drug and alcohol misuse	0.000
Conservatives vs. Labour	
Social housing	0.000
Improving sexual health	0.000
Support for local homeless people	0.000
Remain vs. Leave	
Secondary education	0.000

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## About Power to Change

Power to Change is an independent charitable trust set up in January 2015 with a £150 million endowment from Big Lottery Fund to help community businesses create better places across England. At the heart of its vision and mission is the devolution of power to local communities.

To find out more about the community business movement, visit: [powertochange.org.uk](http://powertochange.org.uk) or contact:

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