

Place-shaping: a shared ambition for the future of local government

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Final report

Four parts

- 1: Background – history and role
- 2: Problems and solutions (for central and local government)
- 3: Funding reform
- 4: Conclusions – a developmental approach

Approach

- We need local government
 - Enhance **satisfaction** through local choices
 - Manage **pressures** by choosing different priorities
 - Foster economic **prosperity**
- Want a 'single system' of government – not a battle between central and local
- No 'golden key' – need a mosaic of change including addressing ingrained behaviours
- Developmental approach to reform – short-term reforms to pave the way for more radical change

Problems

- Not making a simple argument for the local
- But system suffers from centralisation
 - Local **flexibility** to choose and act is restricted
 - Confused **accountability** undermines trust in the whole system
 - Poor **incentives** fail to reward local efforts and create dependency
 - **Fairness** has many definitions needed to promote trust
 - **Efficiency** pursued by making right local decisions, not just the cheapest decisions
- **Council tax not 'broken' but under too much pressure, exacerbated by other problems**

Central government's contribution to reform

The Government has a key responsibility for getting the national framework right:

- Clarify who is **responsible** for what
- Recognise **local leadership and 'convening'** roles
- Leave **more room** for local choice and decision-making
- Promote **better understanding** of the funding system
- Fund **national promises** adequately
- Reduce **'soft controls'** (guidance, reporting requirements and other intervention) as well as more formal targets
- Foster economic prosperity through effective **sub-regional arrangements** with local authorities

Local government's contribution to reform

Local government needs to raise its game to make the most of current opportunities:

- Provide strong local **leadership** and **long term vision**
- Lead as '**convenor**' across local public services
- **Engage** with public to inform decisions, manage pressures and expectations
- Be recognised as **champions of efficiency**
- **Reduce dependence** on central government for guidance and support
- Ensure effective **national voice** through the Local Government Association
- **Political parties** need to improve councillor recruitment and support

Short term priorities

- **Increase local flexibility**
 - Less ring fenced funding
 - Supplementary business rate
 - Power to charge for domestic waste to manage pressures
- **Address fairness concerns**
 - Council tax benefit: 'rebate' and automation to deal with £1.8bn unclaimed benefit
 - Raise savings limits for pensioners to £50k, helps 370,000 h'holds
- **Improve transparency**
 - End capping
 - Independent voice to scrutinise funding decisions and promises
 - Greater clarity on bills to show contribution from national taxation
- **Improve incentives in the funding system**
 - Reform Local Authority Business Growth Incentives scheme
 - Develop whole system to reward local effort

Medium term

- **Council tax**
 - Revalue council tax to update the tax base and improve fairness
 - Extra bands to help those in low value properties, paid for by those at the top
- **Other funding**
 - Consider assigning a fixed proportion of income tax to local government, if it can manage a fluctuating tax base
 - Power to levy tourist tax *if* local government could make a strong case based on local public support. Only for some areas

Longer term options

- Local income tax is feasible and could improve fairness but would take time to implement and has significant costs
- Could relocalise business rates to provide local flexibility and better incentives
- **But either of these would need greater public support and understanding than currently exists**

Developmental approach

- Some changes can happen immediately – changes to local and central behaviours and reduced soft controls shouldn't wait for legislation
- The Comprehensive Spending Review is a key opportunity
- Legislation will be needed for some changes, particularly on council tax and business rates
- Need to build relationships and trust to create the conditions for further reform
- An agenda for future governments as well as the current one