



LOCAL GOVERNMENT
COMMISSION
2030



The final report: Local by default



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COMMISSION 2030

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Commissioner





A sustainable financial settlement: What we heard?

- The current system of local government funding is not sustainable.
- Unevenness of cuts to funding, which have hit the poorest the hardest.
- Pressures on services from rising demand for social care.
- Limits of localisation and the continued need for redistribution between authorities.
- Disjointed and demanding of rounds of competitive bidding.
- Acceleration and intensification of local financial pressures during the COVID-19 pandemic, notably from falling income.



A sustainable financial settlement

9. Local government requires a long-term sustainable financial settlement. This sustainable financial settlement should ensure that every council has sufficient resources to exercise its roles and responsibilities and meet the needs of its communities. In keeping with the principle of local by default, councils should be free to use such resources as they see fit, consistent with the demands of democratic accountability. This national settlement should be agreed for a five-year period, with any further powers or roles and responsibilities transferred to local government during the period of the settlement bringing additional funding.



A sustainable financial settlement

10. To guarantee that councils do not once again experience an unfair share of the burden of cuts to public funding, total local government funding should not fall below an agreed minimum percentage of Gross Domestic Product (GDP). This guaranteed level of funding should be seen as a minimum threshold that recognises that locally provided services are of equal importance to those within the NHS, education and the activities of central government.
11. It will be for the local government sector itself to decide how funding is allocated between authorities



A sustainable financial settlement

12. A significant proportion of the national settlement for local government will continue to be raised locally. There should be a re-valuation and reform of the Council Tax and a reform of Business Rates.
13. In addition to its share of the national settlement, local councils should be free to raise additional funding as they see fit, through increases to general and specific local taxes, and hypothecated taxes.
14. During the transition towards this new financial settlement, government should agree a multi-year funding settlement with local government to ensure stability in the short term.
15. Centrally funded national programmes should no longer be distributed through competitive funding but on clear principles agreed by central and local government.