

EXECUTIVE SUMMARY

Key points:

- This document aims to stimulate a public debate on what we want local government to do, and how that should be paid for. I believe that effective funding reforms must be based on a clear view of what we expect from local government.
- I would like this to go wider than a debate between central and local government. We need to know what the public want – as citizens, service users, and taxpayers.
- This is not a new debate – its roots go back a long way, most notably to the Layfield report in 1976. Layfield's conclusions are still relevant, and lead us to ask quite fundamental questions about the type of society we want.
- I believe we want to see communities which are socially cohesive, economically vibrant, and able to celebrate their distinctiveness. Local government is not just about the provision of services. It has a major and unique role to play in helping to develop and deliver vision for its communities, making decisions and trade-offs on their behalf, and shaping a strategic view of the area and its future – a role we might refer to as 'place-shaping'.
- This role requires local government to have the trust of its citizens, and effective structures and processes to support it. This document asks how we can ensure that local government has the capability to perform this role effectively into the future.
- There is a strong rationale for devolution and decentralisation to ensure a better fit with local needs and to allow local communities to exercise choice over priorities. This was recognised in the Government's Devolving Decision Making Review and elsewhere, but there is an ongoing debate about the appropriate balance between the need for devolution (which will produce diverse results and local choices), and the desire to see national standards for some services to avoid pronounced variations in service standards across the country.
- Changes to the performance management and inspection framework over recent years have clearly contributed to improvements in services. However, the current system of delivering to national standards, driven by central government in a variety of ways including targets, inspection and specific grants, appears to have some drawbacks in terms of confusion and complexity. This might hinder effective service delivery and choice at the local level, as well as producing inefficiencies. Such pressures may also divert local government from its strategic place-shaping role. I am also interested in examining whether the combined weight of central and local expectations might be adding to significant pressures on local services.
- I am interested in views on how we can strike the right balance between ensuring adequate national standards in service provision for all citizens, and allowing sufficient local variation to meet the diverse needs of local communities and to allow them to exercise choice over their own priorities.

- Discussion has to embrace the whole system – it cannot separate local government priorities from central government’s concerns about the management and performance of the public sector as a whole, or from the contribution of other agencies involved in public service delivery, or from local people as service users and taxpayers. Changes to the local government system of funding, activities and structures, as well as those of other parts of the public sector such as the police and health, may all affect council tax bills. We therefore need a disciplined discussion of potential reforms as part of a more effective approach to managing pressures.
- Growing pressures and expectations on local government from a range of sources are likely to be unsustainable, and I intend to explore ways of managing these better as part of the foundation for a more sustainable base for the future. However, this must include a debate about what people are willing to pay for.
- This report also sets out the issues raised by my work to date on the system of local government funding. I will set out further analysis and make recommendations on funding issues, in light of my work on the role and function of local government, in my final report next year.
- I hope you will contribute your views to this debate. It affects us all, and the right way forward can only be found if we understand what the public want and are prepared to debate some difficult questions and hard choices.