

**INDEPENDENT COMMISSION INTO LOCAL GOVERNMENT FINANCE**

**MAY 2014**

## **DRAFT - INDEPENDENT COMMISSION INTO LOCAL GOVERNMENT FINANCE**

### **Terms of Reference**

The Commission will impartially examine:

- The strengths and weaknesses of the current local government finance system;
- Potential reforms that enable better public services and encourage greater economic growth;
- A range of practical solutions for changing the system that can be implemented by an incoming government from May 2015.

We will test those options against the key challenges facing the nation and local communities of economic growth, housing supply, welfare that encourages people into work and provides effective social protection, affordable health and social care, and early support to families and children.

### **Detail**

Reviews of local government finance have been undertaken before. This time the nature of the challenge and the prize has never been clearer. Without reform of public services a combination of rising demand and reducing resources will make the public services people value unsustainable and undermine the nation's future prosperity. Reform of the local government finance system is central to developing new ways of delivering public services and growing local economies.

The focus of the Independent Commission's work will be to find practical ways in which the system needs to change in order to deliver benefits for the nation and for local people.

The Commission will take the LGA 'Rewiring Public Services' work and CIPFA's guidance and analysis as its starting point but will not be restricted to or bound by the solutions suggested there.

The Commission will consider key challenges in establishing a new system for financing local service which will enable;

- fair funding of those areas through direct revenue raising or distribution of resources
- allocation of resources at local level, and commissioning and provision of services
- a role of central government in promoting solutions
- a system of local accountability for tax and spend decisions
- assurance for stakeholders.

Critically, the Commission will consider how the proposed system would address five key challenges facing the country;

- Promoting economic growth and investment in infrastructure
- Ensuring sufficient housing is provided in every place
- Integrating the health and social care systems to promote independent living and efficient resource usage, including preventing unnecessary health interventions
- Achieving a welfare benefits system that promotes work and protects the vulnerable
- Supporting families and developing young lives through early intervention.

Whilst this is a commission for England, it is likely that the findings of the Commission will have a resonance across all jurisdictions. We will seek evidence and buy-in from stakeholders across the UK.

### **Timing**

Commission Launch and First Meeting	May 2014
Interim Proposals	Autumn 2014
Launch of Final Report	Early 2015