

Item 1, Appendix A

Appendix A : Constitutional Select Committee of the House of Commons' recommendations on the prospects for codifying the relationship between central and local government - Political and Constitutional Reform

1. We welcome the commitment of all parties to the concept of localism and the Government's willingness to devolve powers from Whitehall to local government. (Paragraph 33)
2. The constitutional position of local government is evolving. We hope the new City Deals will devolve powers and finance from central government to enable local councils to help tackle problems specific to their areas. We see this as a good start to a process which should continue until all local matters are dealt with locally. (Paragraph 39)
3. We have listened to the points that were raised during the consultation—not least those from local government—and attempted to address them. However, we repeat, the draft code is not designed to be a finished product and we would welcome similar engagement with central government to define it further. It is meant to illustrate what could be the first step in codifying the relationship between central and local government to give local councils the ability better to shape their services to the needs of local people. We believe that with further work such a code would be able to command widespread consensus and establish a settled constitutional role for local government. (Paragraph 63)
4. We received a great deal of support for the idea of a code for relations between central and local government. We wish the Government to use this draft code as the start of a national conversation. We urge all interested parties to engage with the debate on how greater autonomy for local government could be achieved in a lasting and meaningful way. (Paragraph 79)
5. In looking at the traditionally complex area of local government finance, simplicity was our watchword. We have therefore proposed no change in income tax rates, no change in the method of income tax collection, and no change in the equalisation formula. The change we propose is that of 'tax transparency'. (Paragraph 87)
6. The concept of tax transparency would allow local people to see more clearly what their taxes pay for locally and encourage them to hold local councils to account for their expenditure. We recommend that central and local government seriously consider the concept of local authorities receiving a share of existing income tax, to see if a viable figure can, after careful consideration, be arrived at. (Paragraph 92)
7. We recommend that the Government considers how it can take its devolution of financial powers further and looks closely at the merits of freeing local councils in England to raise additional revenue, but only with the consent of their electorates. (Paragraph 103)
8. On equalisation, we propose that the very same civil servants will continue to

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apply the equalisation formula. The only change we suggest is that in future they should be answerable to a joint board of representatives of central and local government. We urge that for the foreseeable future little or no change should be made to the equalisation formula. (Paragraph 109)

9. We would encourage the Government to examine the possibilities of a stronger constitutional status for local government, through an entrenched statutory code, or a similar proposal. For local government to be viewed as an equal, not a dependant, and a respected partner, not a subordinate, would provide a strong indication that the constitutional relationship of the centre to local government was maturing. Central government has it within its power to release the energy, creativity, and potential of the other half of government. (Paragraph 118)
10. Even with the noblest of intentions, all previous attempts to rebalance the relationship between central and local government have had, at best, limited effect. With commitment and goodwill, this time it can be different. We see this report as the beginning, not the end, of the discussion. We believe that the next steps are to continue the dialogue with central government and to move, consensually, ever closer to a genuinely equal partnership between central and local government. We believe such a partnership would strengthen both the local and central arms of government. (Paragraph 119)
11. A code for relations between central and local government, enforced by statute, could be beneficial to both tiers of government for several reasons. First, it could help set out exactly where powers do, and should, lie, thereby increasing transparency for the electors. Secondly, it could help redress the overcentralisation of England. Thirdly, it could provide an economic boost that the country sorely needs. (Paragraph 120)
12. While the proposals in the draft code may seem radical to some, local government in much of Europe has enjoyed constitutional protection for decades. The devolution of power to Scotland, Wales, and Northern Ireland has been successful and is an evolving process. England is the odd one out. There is no apparent reason why local government in England is not capable of using similar powers. (Paragraph 121)
13. We have repeated throughout this report that we are not seeking to put forward a watertight answer regarding the decentralisation of power in England, but rather we are opening up for discussion some concepts which are used extensively elsewhere and could be successfully applied in England. (Paragraph 125)
14. There are several ways in which we propose continuing this dialogue. We have got to this point by careful consultation and close working with local government, by the excellent partnership that we have developed with the Local Government Association, and by listening to expert witnesses. We would like to extend this thoughtful process to include central government at political and official level over the next year or so. (Paragraph 126)

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15. We intend to write to all party leaders in the UK Parliament about the draft statutory code asking that they consider it within their own policy-making processes. It is perfectly conceivable to at least start with the ambition that all parties could consider and possibly agree comparable wording that indicated the next steps towards greater autonomy for local government. (Paragraph 127)
16. It might be helpful to many in local and national government to see the approximate shape of any piece of legislation that could give life to a statutory code. For this reason, we will seek to turn the illustrative statutory code into a draft Bill, as part of our ongoing work. (Paragraph 128)
17. In addition, we are now reaching the midpoint of the first ever fixed-term Parliament and many political parties may well feel it is timely to review their policies or engage in some form of midterm refresh. Once again we would urge all party leaders to consider the long-term constitutional future of local government when they come to refresh their policies, and not to miss the opportunity to put on record their proposals on this vital matter. (Paragraph 129)
18. We will host a conference on this issue in 2013, to consider the next steps for the relationship between central and local government. We invite the Government, Parliament, and local government to attend and play an active part. (Paragraph 130)
19. We hope that the mature and sensible way in which we are engaging with local government and central government and many other partners, witnesses and consultees on this issue will be seen as a positive and exemplary way forward. We do not pretend to have all the answers but we do hope that we have posed the questions in a constructive and helpful way that will ultimately result in progress towards a settled constitutional position for English local government which will last for many decades into the future. (Paragraph 131)