



House of Commons  
Political and Constitutional  
Reform Committee

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**Prospects for codifying  
the relationship  
between central and  
local government**

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**Third Report of Session 2012–13**

***Volume I***

*Volume I: Report and Appendix, together with formal minutes*

*Oral evidence is printed in Volume II*

*Written evidence is contained in Volumes III and IV, available on the Committee website at [www.parliament.uk/pcrc](http://www.parliament.uk/pcrc)*

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## The Political and Constitutional Reform Committee

The Political and Constitutional Reform Committee is appointed by the House of Commons to consider political and constitutional reform.

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The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume.

Additional written evidence may be published on the internet only.

### Committee staff

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2 Prospects for codifying the relationship between central and local government

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## Summary

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“Were we directed from Washington when to sow and when to reap, we should soon want for bread.”—Thomas Jefferson<sup>1</sup>

Where will local government sit within our constitutional arrangements in five, 15 or 50 years’ time? England is the most centralised country in the Union. Strong control by the central state means our localities underachieve on their massive potential. All previous attempts to create a more equal partnership between central and local government in England have fallen short, despite good intentions.

Our inquiry into the prospects for codifying the relationship between central and local government explored views about local government having greater control over its own affairs, and attempted to clarify at what level of government different powers should lie. We sought the input of local councils across England, and the 99 responses submitted to us indicate that there is indeed an appetite for greater clarity about the responsibilities that should rest with the centre and with local government, and for greater autonomy for local government.

Our inquiry sought to stimulate debate by creating and consulting on a draft code for relations between central and local government, which, if enforced by statute, could give local government in England a measure of constitutional protection that is common in other mature democracies.

The code contains 10 articles and a preamble, which represent the broad principles that should govern the relationship between central and local government. The key principles here are that local government should be independent of central government, have a secure financial base, and, with the consent of its electors, be able to exercise a range of revenue-raising powers suitable to the needs of the local community. In addition, government, of all levels, should be accountable to the people. The report sets out the background to the inquiry, discusses the rationale for codification, analyses previous attempts to codify the relationship between central and local government, explores the principal issues that were raised in response to our consultation on the draft code, and sets out how local government finance might work to secure a sustainable constitutional future.

We conclude that, now that devolution has successfully been established in Scotland, Wales and Northern Ireland, it is time to revisit what the devolution of power could mean for communities in England. An attempt to introduce regional government in England was abandoned in 2004 after the North East of England rejected proposals for a regional assembly. There were no submissions suggesting a return to regional government. We do not suggest a revival of regional government for England. There is neither the political nor public appetite for this. Local government should be the vehicle for devolution in England.

Ending the overcentralisation of England is the unfinished business of devolution. In finishing that business, our report does not propose any further tiers of government, or

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<sup>1</sup> *Autobiography*, by Thomas Jefferson. Retrieved 4 December 2012. <http://libertyonline.hypermall.com/Jefferson/Autobiography.html>

elections, but considers the case for devolving real power and finance to local government and local communities. We have confidence in the concepts underpinning our proposals, but do not present the draft code on relations between central and local government as the only way forward. Instead, we hope that it will prompt Government to start a serious national dialogue, with a timetable, with the intention of discussing and agreeing its own entrenched statutory code. This will continue the direction of recent reforms and give clear and irrevocable power to local government in England.

# 1 Introduction

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1. Inquiries by Select Committees and other bodies in recent decades have concluded that the balance of power between central and local government is skewed towards central government and that this needs to be addressed. However, none of these conclusions—from the 1996 *Rebuilding Trust* report from the House of Lords Committee on Relations Between Central and Local Government,<sup>2</sup> the Communities and Local Government Committee's 2009 report, *The Balance of Power: Central and Local Government*<sup>3</sup> to the 2009 Localis report, *With a Little Help From Our Friends: International Lessons for English Local Government*— have found much favour with the Government of the day, or within Whitehall. Those reports have, quite literally, sat on the shelf. However, new factors are at play—the Government's commitment to localism, the desires of local government itself, and the debate on the future of Scotland—and we are optimistic about this issue being seriously debated and action resulting.

2. In December 2012, the Government published a report written by Greg Clark MP, that assessed the Government's progress on decentralisation thus far. The report highlighted that while Government had made some important moves towards decentralisation, such as the Localism Act 2011 and the City Deals, there was more work to be done, particularly in getting Whitehall departments to devolve power to local communities. The report stated:

Decentralisation starts with the realisation that government—at every level—is not infallible...The important thing is that as well as maintaining the pace of change, we should be willing to learn from the experience of those to whom power is devolved and make decentralisation the genuinely co-operative process that it should be.<sup>4</sup>

3. The most recent attempt to rebalance the relationship between central and local government has been Lord Heseltine's review, *No stone unturned for growth*, which set out a range of options for central and local government to work together to boost economic growth. The report stated: "Not only have we disempowered local government by centralising power and funding, but the English system of local government remains overly complex and inefficient".<sup>5</sup> The Government will respond in full to the Heseltine review in 2013.

4. We launched our inquiry into *The prospects for codifying the relationship between central and local government* in October 2010 with the aim of addressing England's democratic deficit. We held six oral evidence sessions with 15 witnesses from local government, academia and think tanks and received overwhelming evidence that local government could be a more effective and efficient arm of government, if only central government laid the foundations on which an independent local government could reach its full potential as a governing institution.

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2 House of Lords Select Committee on Relations Between Central and Local Government, *Rebuilding Trust*, Session 1995–96, HL Paper 97

3 Communities and Local Government Committee, Sixth Report of Session 2008–09, *The Balance of Power: Central and Local Government*, HC 33, [Incorporating HC 813-i-iv, Session 2007–08]

4 HM Government, *Decentralisation: an assessment of progress*, December 2012, p14

5 Department for Business, Innovation and Skills. *No stone unturned: in pursuit of growth*, October 2012, para 2.8

5. Rather than report our conclusions at that stage, we decided to explore whether an appetite for codification existed. We sought academic support to draw up an illustrative draft code to set out the relationship between central and local government. The proposed draft code would only cover the relationship between central government and local government in England, as local government matters are devolved in the other three parts of the Union. Professor Colin Copus of de Montfort University agreed to take on the work of drafting a code.

6. In March 2011, we wrote to all those who had given oral evidence to the inquiry so far asking for their views on the draft code for relations between central and local government. Suggested revisions were received and incorporated by Professor Copus into the draft code. The revised version of the draft code was published for wider public consultation in February 2012.

7. Our consultation on the draft code ran from February to November 2012, to enable councils and others to carry out proper scrutiny. We contacted every council leader and local authority chief executive in England's 326 councils to make them aware of the draft code and to request their comments. We received 99 responses to the consultation. Some 34 responses were from councils, 23 from individual councillors or mayors, seven from local authority officials and the remainder from academics, think tanks, membership associations and members of the public. This was a record number of responses for our Committee. Mansfield District Council, Wakefield Council and Havering Borough even deliberated on our code in a meeting of the full council. We also looked at international comparators when formulating our proposals for greater autonomy for local government. We are grateful to all those who responded: their thoughts and suggestions have both significantly improved our understanding of the many challenges that local government faces during this time of austerity, and helped to hone the key principles within the draft code. We are a cross-party Committee and our consultation considered views from all the main parties.

8. Alongside our consultation there has been an exercise to raise awareness of the possibilities for a more independent local government, in conjunction with the Local Government Association (LGA). In March 2012, the LGA and the Committee co-funded a pamphlet, *Independence from the centre: does local government's freedom lie in a new constitutional settlement?*, to raise awareness of the consultation on the draft code. The pamphlet appeared as an insert in the *Municipal Journal*, a local government publication with a circulation of 8,000.

9. Awareness-raising events have included a debate on whether the code was local government's Magna Carta, which took place on 29 February 2012, with Lord Tyler, Co-Chair of the Liberal Democrat Parliamentary Party Committee on Constitutional and Political Reform; the Rt Hon Peter Riddell, Director of the Institute for Government; and Councillor Robert Light, LGA Deputy Chairman and Leader of the Conservatives, Kirklees Council. Joey Jones, Deputy Political Editor, Sky News, was the chair of the panel.

10. The Chair and the LGA also hosted a number of well attended awareness-raising events across England, including a series of fringe meetings at each of the party conferences and the LGA conference in 2012. We extend our thanks to the LGA, and in particular its Chair, Sir Merrick Cockell, for all the hard work they have put into supporting and promoting the

draft code during the past year. This has enabled us to hear the views of far more local councillors than would otherwise have been the case. We are also grateful to the LGA for their assistance with other aspects of the inquiry.

11. After the conclusion of the public consultation, Professor Copus analysed the consultation submissions and presented us with a further revised version of the draft code, which addressed the concerns raised in the consultation regarding equalisation, use of referendums, and the application of the code to town and parish councils. The revised draft code is appended to the report.

## 2 The rationale for codification: next steps beyond localism

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“There was once a time when local government was at the centre of local decision-making. Councils had the power and authority to make a difference. They could bring about dramatic, positive improvements to the local area. Decades of centralisation, however, left councils distracted by bureaucracy and targets and often powerless to make changes. This government will restore local government to its former glory because we believe this is the best way to build a stronger economy and fairer society.” – Rt Hon Eric Pickles MP, June 2011<sup>6</sup>

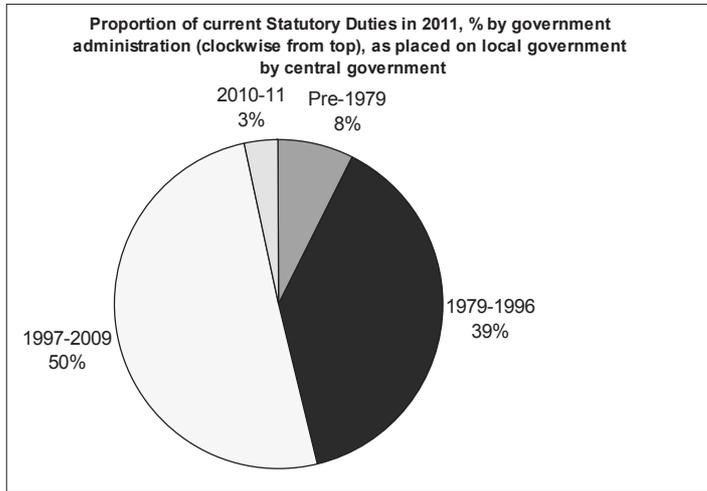
13. Local councils have an ever-increasing number of statutory duties imposed on them by the centre. Thus, they are not currently independent, free-standing organisations. In a statement made on 30 June 2011, the then Minister for Decentralisation, Greg Clark MP, stated that there were “at least 1,293 duties imposed on each local authority”.<sup>7</sup> Such imposition of duties by the centre on local government is against the principles and practices of localism. The table overleaf shows that more than half of these duties have been added in the last 15 years. These nationally imposed duties reduce the money available for local government to respond to local priorities. If the Government is serious about devolving power to local authorities, this huge central burden must end.

14. It would depend on how any legislation was framed, but we intend that the code would supersede the 1,293 duties currently imposed on local government. The code would have the authority of being a statute which had been entrenched and would of course be interpreted in line with the European Convention on Human Rights. It would also build on, and go further than, the general power of competence. What the general power of competence shows is that very broad powers for local authorities have been introduced. Section 5 of the Localism Act enables the Secretary of State, through order-making powers, to amend, repeal, revoke or disapply existing statutory provisions that prevent or restrict local authorities from exercising the general power of competence.

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<sup>6</sup> Public Service Review: *Local Government and the Regions*, Issue 18

<sup>7</sup> HC Deb, 30 June 2011, col 58WS



Source: Department for Communities and Local Government

15. All parties appear to accept the need to reduce central burdens on local government. We note and welcome the commitment of the Government to the concept of localism and greater freedoms for local government. The Coalition's programme for government stated:

The Government believes that it is time for a fundamental shift of power from Westminster to people. We will promote decentralisation and democratic engagement, and we will end the era of top-down government by giving new powers to local councils, communities, neighbourhoods and individuals.<sup>8</sup>

The Coalition's programme for Communities and Local Government states: "We will promote the radical devolution of power and greater financial autonomy to local government and community groups. This will include a review of local government finance."<sup>9</sup> A code similar to the one discussed in this report could fulfil the Coalition's pledge radically to devolve power to communities.

16. At the 2010 Labour party conference in Manchester, the Labour leader, Rt Hon Edward Miliband MP, said: "We need more decisions to be made locally, with local democracy free of the constraints we have placed on it in the past and free of an attitude which has looked down its nose at local government."<sup>10</sup>

17. The Coalition Government has pursued a number of measures in its localism agenda aimed at strengthening the hand of local government. The Localism Act 2011 gave local councils the general power of competence, which allows councils to do "anything that individuals generally may do".<sup>11</sup> However, it does not repeal any existing regulation on local government, so the ability of local government to act under the general power is constrained. To be used fully these powers require finance. Sunderland City Council noted in their written evidence that "the Act contains around 140 reserve powers for the Secretary of State".<sup>12</sup> The localism agenda only opens the door to greater powers for local government; we propose that the code is a useful way to take this agenda forward. It is important to say that the draft code would do nothing to inhibit the general power of competence, but would instead give local government greater autonomy over all its affairs.

8 HM Government, *The Coalition: our programme for Government*, May 2010, p 11

9 *Ibid.*

10 "Ed Miliband signs up to localism agenda", 28 September 2010, *Local Government Chronicle*

11 *Local authorities: the general power of competence*, Commons Library Standard Note SN05687, September 2012

12 Ev w46

### **Failure of non-statutory options**

18. All previous non-statutory attempts to create a more equal partnership between central and local government in England have fallen short, despite good intentions. Sir Merrick Cockell, the Chair of the LGA, told us decentralisation was necessary because “a very centralised state does not satisfy people’s needs”.<sup>13</sup>

19. The 2007 Central-Local Concordat aimed to foster new partnerships between central and local government while setting out a framework of rights and responsibilities that each partner should uphold. These rights included the right of central government to set national policies. The Concordat stated that “councils have the right to address the priorities of their communities as expressed through local elections”.<sup>14</sup>

20. However, the Concordat quickly fell into disuse because it was agreed only by the Department for Communities and Local Government and the LGA, and had no legal force as it was not enforced by statute. The then Chair of the LGA, Baroness Eaton, said of the Concordat:

As a principle, nobody could have argued with it but it did absolutely nothing. It was words where nobody delivered anything. As a result of it we used to have a central local partnership; central governments were supposedly to present their Ministers to us so that we could discuss things that were of mutual concern and interest, and Ministers didn’t come and it delivered absolutely nothing.<sup>15</sup>

21. In order to avoid the fate of the Central-Local Concordat, it is clear that any successful rebalancing of the relationship between central and local government must deliver a Whitehall-wide agreement that local government should have greater autonomy over its affairs. It is hard to see how such an agreement could work unless it was enforced by statute.

22. Dr Chris Himsworth, Professor Emeritus of Administrative Law at the University of Edinburgh<sup>16</sup> and Henry Peterson,<sup>17</sup> a consultant on local government and public service reform, queried why the Committee’s draft code had not been based on the European Charter of Local Self-Government, which in itself is a code for relations between central and local government. The European Charter of Local Self-Government was adopted by the Congress of Local and Regional Authorities of the Council of Europe, the local and regional arm of the Council of Europe, in 1985.<sup>18</sup> The Charter has been ratified by 45 members of the Council of Europe since 1985.<sup>19</sup> The UK ratified the Charter in 1998.

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13 Oral evidence taken before the Political and Constitutional Reform Committee, *Do we need a constitutional convention for the UK?*, 6 September 2012, Q147

14 HM Government and Local Government Association, *The Central-Local Concordat*, 12 December 2007, para 10

15 Q 126

16 Ev w23

17 Ev w83

18 *What is the Congress?* Local Government Association. [http://www.local.gov.uk/web/guest/european-and-international/-/journal\\_content/56/10171/3511244/ARTICLE-TEMPLATE](http://www.local.gov.uk/web/guest/european-and-international/-/journal_content/56/10171/3511244/ARTICLE-TEMPLATE)

19 Council of Europe, *European Charter of Local Self-Government*, CETS No: 122. <http://conventions.coe.int/Treaty/Commun/ChercheSig.asp?NT=122&CM=8&DF=13/11/2012&CL=ENG>

23. The Centre for Public Scrutiny suggested that putting the European Charter of Local Self-Government on a statutory footing might be the best way of codifying the relationship between central and local government.<sup>20</sup> However, Professor George Jones and Professor John Stewart disagreed that the European Charter could be put into statute without amendment. Councillor Peter Martin, Leader of Essex County Council, stated that a new code could be useful as previous charters and concordats “have failed, not because of their particular provisions, but because they have been ignored in successive governments’ policymaking”.<sup>21</sup>

24. The Government has stated that it deems itself to be fully compliant with the European Charter,<sup>22</sup> although Durham County Council have stated that they believe the Government is currently not honouring its obligations with regard to the European Charter because “the centralised handling of local government funding and limitations on local tax raising powers amounts to a high degree of central supervision and confuses lines of accountability from local government to its citizens”.<sup>23</sup> Henry Peterson drew attention to a discrepancy between paragraph 8.27 of the Cabinet Manual, which asserts that “ministers can direct local government to adhere to national policy frameworks where legislation permits”<sup>24</sup> and the European Charter of Local Self-Government to which the UK is a signatory.

25. Kent County Council succinctly summed up the problem with applying the European Charter:

the ‘European Charter of Local Self-Government’ has never been fully implemented in the UK simply because the UK Government does not have a single codified (written) constitution to which to append it: but in any case successive governments have shown little interest in applying its substance.<sup>25</sup>

26. The explanatory report for the European Charter of Local Self-Government stated that its purpose was “to make good the lack of common European standards for measuring and safeguarding the rights of local authorities”.<sup>26</sup> The Charter’s basic principles are sound and are reflected in our draft code. We believe, however, that our draft code better reflects the specifics of England’s situation, and the Government’s ongoing localism agenda.

### ***The regional government option***

27. The traditional response to devolution in England has always been to develop the English regions, some of which have population sizes that are comparable to the population sizes of the other three parts of the Union.

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20 Ev w144

21 Ev w31

22 *Government Response to the Communities and Local Government Committee report into the balance of power: central and local government*, Cm7712, para 17

23 Ev w78

24 HM Government, *The Cabinet Manual*, October 2011, para 8.27

25 Ev w74

26 Council of Europe, *European Charter of Local Self-Government: Collection and references*, March 2010, p 39

28. The London Assembly is the only directly elected regional body in England. The Assembly has 25 directly elected members, led by the Mayor of London. The Assembly's role is defined in the Greater London Authority Act 1999.

29. The Regional Development Agencies Act 1998 established eight unelected regional bodies in England. In May 2002, the Government published a White Paper, *Your Region, Your Choice*, outlining its plans for the possible establishment of elected regional assemblies. The Regional Assemblies (Preparations) Act 2003 made provision for referendums to be held to create such assemblies. Three referendums were planned for the regions of North East England, North West England, and Yorkshire and the Humber.

30. The referendum on the North East England Assembly was held on 4 November 2004 and the creation of an elected assembly was roundly rejected by 696,519 votes to 197,310.<sup>27</sup> No more referendums were held and plans for elected regional assemblies were quietly scrapped.

31. The Regional Development Agencies and Government Offices in the regions were then abolished by the Coalition Government.

32. While we are concerned about the centralisation of power in England, we do not believe that resurrecting regional government would currently be a viable option. There were no submissions advocating a return to regional government. Should independent councils wish to join together to provide certain functions or services at sub-regional or city region level then they should be free to do so, as long as it requires no subsidy from central government. However, care would need to be taken to ensure such contractual agreements did not leave future councils hamstrung.

### **City Deals**

33. **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.** However, we do not wish to see a situation in which powers are increasingly devolved to large city regions while those who live in rural areas are excluded or only able to access devolved power by aligning themselves to a large city. We hope that the Government continues to devolve power down to localities as a matter of principle. Our code is the mechanism through which the extension of localism can be protected and promoted as a continuing facet of the constitution, thus enshrining localism as a permanent part of the political and policy landscape of English governance.

34. On 8 December 2011, the Deputy Prime Minister, Rt Hon Nick Clegg MP, talked about the Government's proposals for City Deals, which would hand powers to city regions to complete specific tasks:

we are launching a series of deals to recast the relationship between central government and our cities, in what we hope will be an unprecedented transfer of

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27 "North East votes 'no' to assembly", BBC News, 5 November 2004 [http://news.bbc.co.uk/1/hi/uk\\_politics/3984387.stm](http://news.bbc.co.uk/1/hi/uk_politics/3984387.stm)

power—to unleash city power, to boost entire regions, to get our national economy growing and to begin correcting the dangerous imbalance in that economy.<sup>28</sup>

The first wave of City Deals were announced on 5 July 2012 and involved Greater Birmingham and Solihull, Bristol and the West of England, Greater Manchester, Leeds City Region, Liverpool City Region, Nottingham, Newcastle, and Sheffield City Region. Each City Deal is the result of a negotiation between the Government and the specific city. Newcastle, Sheffield and Nottingham have been allowed to use tax increment financing to fund infrastructure projects while Birmingham, Bristol, Leeds and Sheffield have had their transport budgets devolved, which should enable them to take long-term decisions about their city's transport systems. The second wave of City Deals was announced on 29 October 2012 and will, according to the Cabinet Office, see a further 20 city regions “compete for deals that will see Government devolve powers in exchange for responsibility for delivering growth locally”.<sup>29</sup>

35. When the Deputy Prime Minister gave evidence in April 2012, he was positive about the City Deals initiative:

It is really quite a big, bold thing. We basically said to the eight largest cities in England, “Come here and look at the Whitehall cupboard and tell us which powers, which hitherto have been hoarded by Whitehall politicians and civil servants, do you think you could make best use of to promote growth, prosperity and innovation in your communities?”<sup>30</sup>

36. Will Godfrey, Bristol City Council's Director of Strategic Services, who was closely involved in the negotiation of the Bristol City Deal, hoped that the City Deals would be stuck to, as previous deals between central and local government had sometimes been overtaken by national events. He stated:

One caveat for me is that the deal will be successful as long as what was agreed on 5 July translates through the legislative statutory process into real outcomes. The clue is in the name, really: a deal is between two parties and two partners. My fear and concern is that we might get sidelined into some national legislative processes that are outside the deal framework. That is a danger.<sup>31</sup>

37. Sir Howard Bernstein, Chief Executive of Manchester City Council, stated that the City Deals should be the beginning of the decentralisation of power to local government, rather than an end point. He told us: “the City Deals have been a step forward and have

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28 Speech given by Deputy Prime Minister, “Do it your way – Deputy Prime Minister launches new ‘city deals in Leeds’”, 8 December 2011, <http://www.dpm.cabinetoffice.gov.uk/news/do-it-your-way-deputy-prime-minister-launches-new-city-deals-speech-transcript>

29 Cabinet Office website, “Wave 2 - City Deals” , 29 October 2012, <http://www.dpm.cabinetoffice.gov.uk/content/wave-2-city-deals>

30 Oral evidence taken before the Political and Constitutional Reform Committee, *The Coalition Government's programme of political and constitutional reform*, 19 April 2012, Q 171

31 Political and Constitutional Reform Committee, *Do we need a constitutional convention for the UK?*, Thursday 6 September 2012, Sir Merrick Cockell, Ged Fitzgerald, Will Godfrey and Tom Riordan, Q 158

challenged some of these longstanding ways of working, but can only be the first step in a much longer process”.<sup>32</sup>

38. We were heartened to see that on 30 November 2012 the *Financial Times* reported that the new single funding pot for local areas to be announced in the Chancellor’s 2012 Autumn Statement would “strip Whitehall of up to £58bn of business support funding and place it in local hands in the biggest act of financial devolution England has ever seen”.<sup>33</sup> We will keep a watching brief on these developments.

**39. 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.**

### **Greater financial independence for local government**

40. We heard much evidence that any attempt to make the relationship between central and local government more balanced would be meaningless without giving local government its own source of revenue. Various inquiries into the balance of power between central and local government, from the Layfield Committee, which reported in 1976<sup>34</sup> to the Lyons Inquiry, which reported in 2007,<sup>35</sup> have recommended greater financial autonomy for local government but have been largely ignored by the centre.

41. At a constitutional level we welcome the potential for more autonomy for local government implicit in the Local Government Finance Act 2012, which will allow local councils to retain a greater proportion of business rates raised in their areas, and the Government’s decision to reduce the ring-fencing of local government funding, which will give local government greater freedom over how it spends its money. However, both these measures fall short of giving local councils real financial autonomy. We believe that to achieve fully the potential of localism, a key plank of the Government’s policy platform, local government requires financial freedoms. Power and finance must go together if local government is to become an equal partner with central government. Central and local government will still have their own specific spheres of competence.

42. The direction of travel that central government intends for local government is evident from the efforts to unify a range of grants into the main grant pot, the Revenue Support Grant. Budget lines are being consolidated into the Revenue Support Grant (for example, the Early Intervention Grant) and the incorporation of the Business Rate into the Formula Grant is also to be welcomed. Reducing ring-fencing gives local government greater discretion over spending. However, set against this greater discretion are the vast number of duties that mean that in reality local government spending is still highly prescribed.

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32 Ev w100

33 “Osborne aims to strip Whitehall of up to £58 billion”, *Financial Times*, 30 November 2012 <http://www.ft.com/cms/s/0/470b815a-3af4-11e2-bb32-00144feabdc0.html#axzz2EibVEHFx>

34 For further information, please see Select Committee on Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions, *Local Government Revenue*, Ninth Report of Session 2003-04

35 The Lyons Inquiry (2007). *Final Report and recommendations*, <http://www.lyonsinquiry.org.uk/>

### ***Statutory protection for local government in other countries***

43. English local government lacks some of the most basic constitutional protections that are available to some of its counterparts in a number of other mature European democracies. It is central government that finalises the shape, size, structure, powers, responsibilities and functions of English local government. Indeed, English local government lacks the right to continued existence and central government can and has amalgamated councils, restructured boundaries and even abolished councils or entire layers of local government. England is alone, not only within the Union but in other mature democracies, in not having a devolved settlement that includes local democracy.

44. For example, France's written constitution states: "Territorial communities may take decisions in all matters arising under powers that can best be exercised at their level.' (Article 72 du Titre XII)".<sup>36</sup> Article 137 of the Spanish Constitution (1978) states: "The State is organised territorially into municipalities, provinces and the Self-governing Communities that may be constituted. All these bodies shall enjoy self-government for the management of their respective interests".<sup>37</sup> Article 24 of the German Constitution states: "Insofar as the Länder are competent to exercise state powers and to perform state functions, they may, with the consent of the Federal Government, transfer sovereign powers to transfrontier institutions in neighbouring regions".<sup>38</sup>

45. In federal systems or states with written constitutions, the basic rules of the game are codified and the relationships between the levels of government can be balanced and set out. By doing this, the institutional relationships are clarified and, for local government, protected. Statutory codification, and entrenched and constitutionally defined freedoms for local government, would allow England to join this democratic family.

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36 Assemblée Nationale, Constitution of October 4, 1958, Article 72 du Titre XII

37 The Constitution of Spain 1978, Article 137

38 Basic Law for the Federal Republic of Germany in the revised version published in the Federal Law Gazette Part III, classification number 100-1, as last amended by the Act of 21 July 2010 (Federal Law Gazette I p. 944). Article 24.1(a)

## 3 The content of the code

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46. We believe that central government should use our report and the draft code to initiate a wider debate about the future of local government. We do not suggest that there is unanimous agreement on the precise wording of the code, but we have found much support for the broad principles that underpin the code. We present the code for further debate, not as the last word.

47. The draft code, appended to this report, contains 10 articles and a preamble, which represent the broad principles that could govern the relationship between central and local government. The key principles are that local government should be independent of central government, able to exercise a range of tax-raising powers suitable to the needs of the local community, and that government, of all levels, should be appropriately consultative and accountable to its people. The draft code would apply to all types of local council in England, including county, district, borough, city, metropolitan, town and parish councils. The draft code is intended to replace the estimated 1,293 duties imposed on local government today.<sup>39</sup> All the provisions within the draft code are subject to the provisions of the Human Rights Act. Nothing in the draft code would limit the existing local government powers of wellbeing, or the general power of competence.

48. The preamble sets out a broad, democratic framework within which the articles sit and sets the context for the code.

49. Article One sets out the constitutional arrangements to protect local government's rights within the code from being amended or abolished.

50. Article Two makes it clear that local government is primarily accountable to local citizens. It asserts that councils are independent, and able to determine their own affairs.

51. Article Three establishes a consultative working relationship between central and local government.

52. Article Four ensures that central and local government can negotiate on an equal footing to create inspection regimes and service standards.

53. Article Five establishes the territorial autonomy of local government. Council boundaries cannot be re-organised without the council's consent.

54. Article Six makes it plain that local councils and citizens have the ability to choose their own political decision-making systems.

55. Article Seven provides for the financial independence of local government, including the ability to raise loans and operate a balanced budget, and maintains the existing provision for equalisation. It would allow councils to raise other revenues, for example, a tourist tax, with local consent, if they wanted to do so. Such taxes are in use in parts of Italy, Spain and Germany.

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39 HC Deb, 30 June 2011, col 58WS

56. Article Eight sets out that councils have the right to co-operate with each other and with other bodies in ways that would benefit their areas.

57. Article Nine provides for local decision-making processes to be overseen by the Electoral Commission. This would be require the remit of the Electoral Commission to be extended.

58. Article Ten makes it clear that local government has the right to take legal action in circumstances in which its autonomy is threatened.

### *Amendments to the code*

59. The consultation highlighted areas where the code could be further developed and these suggestions were acted upon when the code was redrafted. For example, we received multiple comments on the code's lack of reference to town and parish councils, proposed use of referendums, and the process of fiscal equalisation between councils. These, and other concerns, have been addressed in the final version of the code.

### *Town and parish councils*

60. Professor George Jones and Professor John Stewart; Councillor Roderick Bluh, Leader of Swindon Council; and the National Association of Local Councils, raised concerns that the draft code's lack of reference to town and parish or two-tier councils meant that we did not consider them to be covered. This is not the case. The draft code is intended to cover every size and shape of council. The latest version of the draft code does not include a list of types of council, reflecting the fact that it is intended to cover all types of council in England. Independence for local councils is a beginning, not an end. It would enable them to engage with the process of local devolution, which they and their local electorates would take forward in their own way.

### *Use of referendums*

61. Another question raised was the use of referendums. Some of our respondents to the consultation version of the code expressed unfounded fears that referendums would be compulsory for a number of issues, rather than being one of many devices which could be used locally. Many councils wrote to us stating that requiring a referendum every time the council wanted to change its political decision-making systems would be prohibitively costly, and could contribute to voter fatigue. The Chief Executive of Ashfield District Council, P.G. Marshall stated:

Recent history on the sounding of citizens on their choice of political decision-making system shows that there is little interest in many communities. It has to be recognised that the cost of testing the opportunities of a particular governance approach with communities is not inexpensive.<sup>40</sup>

Councillor Geoffrey Driver, Leader of Lancashire County Council, reiterated this, stating:

The code may over-estimate the public's appetite for considering alternative approaches to internal political decision-making systems; voter turnout in last May's local mayoral referenda indicated low levels of public demand for this type of policy, especially during a time of mounting fiscal pressures.<sup>41</sup>

Derbyshire County Council felt that Article 6.1 was simply too prescriptive and could constrain councils:

the council's experience from carrying out wide and regular consultation with residents shows that citizens are far more concerned with the quality of services delivered, rather than models of political governance. Furthermore, the code should allow for the council's administration at the time to determine how it is governed, and to consult with citizens in its preferred forms should it feel necessary.<sup>42</sup>

62. It is for these reasons that the references to referendums have largely been removed from the latest version of the draft code. Upon reflection, that part of the code was not compatible with the principle of letting local government decide its own affairs. Local councils should decide how to authorise significant local changes, such as those to council governance structures, by methods including voting on propositions and holding referendums to gain the consent of local electors. The public, as always, can use local elections to have their say on how well they think their council is making decisions.

**63. 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.**

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41 Ev w80

42 Ev w102

## 4 A new relationship

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“We should reverse the trend of the last 100 years, which I think has neutered vast areas of this country outside London”—Rt Hon Lord Heseltine.<sup>43</sup>

### *Rebalancing the relationship*

64. The draft code for relations between central and local government is an attempt to take the debate regarding the centralisation of power in England to the next level. Some 83% of the population of the UK reside in England, and while people in other parts of the Union have statutory devolution, people in England do not. Elected representatives in the Devolved Assemblies and Legislatures make decisions for populations comparable to those of England’s larger regions. The UK Government still takes decisions on behalf of over 50 million people living in England.

65. The codification of the relationship between central and local government would also clarify the roles and powers of each level of government. Taken together with the new general power of competence given to local government in the Localism Act 2011, it is likely that codification would lead to a decline in litigation relating to a local council’s power to act, as that right would be doubly enshrined in law.

66. The Commission on the consequences of devolution for the House of Commons, also known as the McKay Commission, is considering “how the House of Commons might deal with legislation which affects only part of the United Kingdom, following the devolution of certain legislative powers to the Scottish Parliament, the Northern Ireland Assembly and the National Assembly for Wales.”<sup>44</sup> However, the Commission is not directly examining the fact that power in England is extremely centralised in comparison to other countries in Western Europe. We will revisit this aspect of the English Question in our forthcoming report into whether there is a need for a constitutional convention for the UK.

67. The Association of North East Councils put it succinctly: “At a time when more powers are being devolved to territorial administrations, local authorities in the largest country in the United Kingdom remain subject to extensive legal, financial and regulatory constraints. This cannot be right or equitable”.<sup>45</sup> If local government were to be given enhanced power, enforced by statute, this could go some way towards ensuring that local people had more say over policies that affect their lives. Councillor Mehboob Khan, Leader of Kirklees Council, stated that codifying the relationship between central and local government in statute “would be an important step towards radically revitalising local democracy”.<sup>46</sup>

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43 Uncorrected transcript of oral evidence taken before the Political and Constitutional Reform Committee, *The impact and effectiveness of ministerial reshuffles*, 13 December 2012, Q 211

44 Terms of reference for the Commission on the consequences of devolution for the House of Commons, the McKay Commission, <http://tmc.independent.gov.uk/>

45 Ev w13

46 Ev w37

68. Tony Travers, local government expert and Director of LSE London, a research centre at the London School of Economics, told us that he thought a constitutional settlement for England, which devolved power to local government, could be a possibility:

I think it's not unimaginable that there could be a sort of England Act that sought in a once and for all way to create a constitutional devolution settlement within England for local government, possibly subjecting it to a referendum, which would give it the quasi constitutional status that the Scotland and Wales arrangements have given to Wales and to Scotland.<sup>47</sup>

69. It will always be legitimate for central government to set national priorities in certain policy areas, and the code would not seek to deprive central government of this right. Much work would need to be done to specify which powers and responsibilities would remain with central government and which would lay with local government. Consideration would also need to be given to the role of the UK Parliament in the context of the devolution of powers. National governments in many countries with devolved settlements deliver on their political priorities by incentives and programmes. That is not at issue. What is at issue is the micromanagement by Whitehall of essentially local choices. The centre should incentivise not mandate: one size does not fit all.

### ***Appetite for the code***

70. A majority of those who provided us with oral or written evidence were broadly in favour of the idea of a code and felt that the discussion about codification was timely.

71. The large cuts to budgets that local councils were having to make due to reductions in central government funding was cited by some as a reason for supporting codification. The Association of North East Councils told us:

The current economic position makes it all the more important to pursue this agenda. If, as seems likely, local authorities are going to be subject to a further round of cuts in the next spending review, it is imperative that they should be allowed to be innovative and creative in working out their own solutions to how they are going to continue to meet demands for services in a changed financial climate.<sup>48</sup>

72. Sir Robin Wales, Mayor of Newham, wrote in favour of the code:

First of all thank you for starting this important discussion. I have long believed that we need much greater clarity about the role of local government and clearer limits to the legitimate boundaries of national government influence over what we do.<sup>49</sup>

This was reiterated by Sir Albert Bore, Leader of Birmingham City Council, who stated:

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47 Q 94

48 Ev w13

49 Ev w107

We can debate further the precise wording of the articles in the code. But I believe it is a banner behind which all localists should unite in demanding the independence for our local councils that is taken for granted in many other nations.<sup>50</sup>

73. The enthusiasm for the draft code displayed by some respondents was most welcome. As Nigel Slack, a member of the public, wrote: “this should be viewed as a new Magna Carta, complete with scrolls, seals and a copy in every council”.<sup>51</sup> Others felt that only a code, enforced by statute, could reduce the tendency of central government to involve itself too much in local government affairs. Councillor Jillian Creasy of Sheffield City Council said that she supported the draft code because “one of the most disheartening and destabilising challenges facing local politicians is the rapid change to the very structure of our institution”.<sup>52</sup> If the draft code were introduced, local government would have long-term stability.

74. Although at the political level the Government supports localism, there were worries that, at the administrative level, Whitehall would just pay lip service to the code if it were introduced. Dr Catherine Durose, from the University of Birmingham, and Councillor Ruth Dombey, Leader of Sutton Council, were sceptical about whether central government, in particular the Treasury, would be willing to let local councils keep more of the money raised by taxpayers in their own localities. Councillor Dombey stated simply that she supported the aims of the code but “the prospects for establishing this financial independence though would appear to be very slim given the centralist mindset of the Treasury”.<sup>53</sup> If the code is to progress Ministers will need to exercise political leadership within their respective departments.

75. The campaign group Unlock Democracy conducted an online survey of 2,118 people between 26 October and 6 November 2012 to gauge the public appetite for codifying the relationship between central and local government. The results show that the vast majority of respondents, over 82%, were in favour of clarifying powers across different levels of government. Only 2% of respondents did not favour a code that clarified the power held by different levels of government. Although Unlock Democracy emphasised that their survey was not representative, the survey suggests that there is some public appetite for clarifying where power in the UK lies.

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50 Ev w106

51 Ev w32

52 Ev w35

53 Ev w63

**Table 1: Should there be a code clarifying the powers of Whitehall, Parliament and local Councils?**

Answer Options	Response Percent	Response Count
Agree	82.3%	1744
Disagree	2.1%	45
Open Minded	13.5%	285
Don't Know	2.1%	44
Please explain the reason for your response		1402
<i>answered question</i>		2118

Source: evidence submitted by Unlock Democracy

76. A clear majority of respondents were also in favour of local government being able to run its affairs independently of central government, a sentiment which was reflected in many of the written submissions to the inquiry.

**Table 2: Do you think that local councils / authorities should be independent of central government?**

Answer Options	Response Percent	Response Count
Agree	59.4%	1182
Disagree	15.8%	315
Open Minded	21.4%	425
Don't Know	3.4%	68
Please explain the reason for your response		1181
<i>answered question</i>		1990

Source: evidence submitted by Unlock Democracy

77. We heard evidence that some councils, after decades of central government control, could find managing their own affairs very challenging. Councillor Roger Gough of Kent County Council told us:

It's a sort of Stockholm syndrome...There are one or two anecdotes about things that have happened since the election where Ministers have turned round and said, "You're on your own", and people have said, "Oh, but there's going to be some guidance, isn't there?" So there is an element of it.<sup>54</sup>

Local government expert Tony Travers also concurred with this view, adding:

As I understand "the Stockholm syndrome" that is actually sympathising with your captors, isn't it? There is an element of that about it. I think this goes further. At some level it does suit both central government and local government to have blurred accountability. The codification that you're discussing, however achieved, would improve that. People would know where accountability lay.<sup>55</sup>

Journalist Simon Jenkins stressed that if the devolution of power were an aim, it should be implemented without waiting for unanimous support. He stated:

54 Q 19

55 Q 59

Sometimes you have to be forced to be free; it's an old cliché. But if the reason for not decentralising power in Britain is that nobody wants it, or none of those people on to whom you would be decentralising it wants it, you'll never decentralise power.<sup>56</sup>

78. A few responses to the consultation were against the idea of a code backed by statute. Councillor Mark Crane, Leader of Selby Council, wrote to us: “my personal view is ‘if it ain't broke don't fix it’. I see no reason or logic for this legislation”<sup>57</sup>. Councillor Ray Manning, Leader of South Cambridgeshire District Council, and Councillor Peter F Adams, of the Borough of Poole Council, were also against codification. However, the evidence set out in the previous chapters, the steps currently being taken by the Government, and reports from the Communities and Local Government Committee and the House of Lords Committee on Relations Between Central and Local Government suggest that the current overcentralisation of England is not a sustainable option for the long term. Clearly, there is much room for improvement in relations between central and local government.

**79. 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.**

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56 Q 58

57 Ev w31

## 5 Financing greater local autonomy

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### *Tax transparency*

80. Local government could have all the flowery declarations about its liberties, but without proper finance they will not be worth the paper they are written on. We see the precedents currently being set within the devolved parts of the Union, who are taking responsibility for their own budgets, and we believe the Government should give serious consideration to implementing such a relationship for England too. We are not proposing more central government funding. However, removing ringfencing completely would give local government greater autonomy over how it allocated its funding. Allowing English local government to keep its fair share of income tax is in keeping with the general thrust of the devolution settlements in the rest of the UK.

81. In 2008, Spain's autonomous communities raised approximately 34% of their expenditure from local taxes on property and business, and 21% from sharing revenues on income tax and VAT (split equally between the autonomous communities and central government), with the remaining expenditure funded through equalisation or conditional grants from central government.<sup>58</sup> Clive Betts MP, Chair of the Communities and Local Government Committee, told us in 2011:

You have a list of powers for the regions in Spain—I know it's not quite the same as local government but it's an interesting example—and the regions negotiate with central Government the powers that they are competent to perform...It can't simply be undone by a simple legislative change in Parliament in the future.<sup>59</sup>

82. It is important that English local government is not hamstrung in competing with its continental counterparts. Bristol City Council told us that the current system of funding local government disincentivised local councils from investing in their area:

Bristol is competing on a global stage with the likes of Barcelona, Frankfurt and Boston. These are all cities with municipal authorities that retain a much greater share of the local tax base. This creates a major incentive for local authorities to invest in the local economy. English cities are not incentivised this way and are disadvantaged by the fact that the majority of the taxation generated by our relatively successful economy in Bristol is returned to London.<sup>60</sup>

Under the Local Government Finance Act, local councils can now keep a greater share of business rates than previously. However, much still remains to be done to allow Bristol to compete on a global stage with cities such as Barcelona, Frankfurt and Boston, hence the need for the code.

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58 C Colino, "The Spanish model of devolution and regional governance: evolution, motivations, and effects on policy making", *Policy and Politics*, vol 36 (2008), no 4

59 Q 273

60 Ev w55

83. It is in looking at devolution in the UK that the most instructive precedents are being set and the most interesting lessons can be learnt. The Scotland Act 1998 introduced the Scottish Variable Rate (SVR) which gave the Scottish Parliament the power to raise or lower the basic rate of income tax by up to 3 pence in the pound. This power has never been used. The Scotland Act 2012 gives the Scottish Parliament the power to set a rate of income tax for Scottish taxpayers, and will come into force from April 2016.<sup>61</sup>

84. In Wales too, the concept of retaining a proportion of existing income tax has been proposed. The Commission on Devolution in Wales, also known as the Silk Commission, is looking into the further devolution of powers to Wales. Part 1 of the Commission's report, published in November 2012, recommended that the UK and Welsh Governments share the income tax take in Wales by 2020.<sup>62</sup> It stated:

there should be new Welsh rates of income tax, collected by HMRC, which should apply to the basic and higher and additional rates of income tax;

the basic, higher and additional rates of income tax levied by the UK Government in Wales should be reduced initially by 10 pence in the pound. Over time the Welsh Government's share could increase if there is political consensus.<sup>63</sup>

The Silk Commission report also recommended the full devolution of business rates to Wales.<sup>64</sup> The BBC noted that these proposals, if implemented would "make the Welsh government responsible for raising around 25% of its budget".<sup>65</sup> The proposals would give Wales greater power to raise its own finances and involve no new central government funding.

85. According to recent BBC reports, the UK Government is also considering Northern Ireland's call for a reduction in corporation tax in order to compete with the Republic of Ireland's 12.5% corporation tax rate.<sup>66</sup> On 21 February 2012, the Treasury announced that they would soon be devolving the power to set Air Passenger Duty rates for long-haul flights departing from Northern Ireland.<sup>67</sup> The Northern Ireland Assembly's Air Passenger Duty (Setting of Rate) Bill passed in the Assembly on 6 November 2012. Finance Minister Sammy Wilson MP MLA stated "The Executive committed in the Programme for Government to reduce the Air Passenger Duty for direct long haul flights to zero. The legislation passed today delivers on this commitment and is good news for our economy in these challenging financial times".<sup>68</sup>

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61 HM Revenue and Customs, "Devolved taxation in Scotland", <http://www.hmrc.gov.uk/news/news-calman.htm>

62 Commission on Devolution in Wales, *Empowerment and Responsibility: Financial Powers to Strengthen Wales*, November 2012, E38

63 *Empowerment and Responsibility*, recommendation 16

64 *Empowerment and Responsibility*, recommendation 2

65 "Commission calls for Welsh government income tax powers", BBC News, 19 November 2012 <http://www.bbc.co.uk/news/uk-wales-politics-20346118>

66 "Cameron urged to cut Northern Ireland's corporation tax rate" *The Guardian* website, 20 November 2012 <http://www.guardian.co.uk/uk/2012/nov/20/cameron-urged-cut-northern-ireland-corporation-tax>

67 HC Deb, 21 February 2012 col 71WS

68 Northern Ireland Executive website, "Finance Minister Sammy Wilson has welcomed the abolishment of Air Passenger Duty on long haul flights from Northern Ireland", 6 November 2012 <http://www.northernireland.gov.uk/news-dfp-061112-air-passenger-duty>

86. Three of the four parts of the Union are exploring the retention of tax as their devolution settlements evolve. The fourth, England, needs to do likewise if it is to fund its own devolved settlement. Devolved power in many countries has been given financial life by the apportionment and retention of an agreed element of income tax. How could this work in England? We discuss possible options below.

87. **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’.** Every taxpayer should know exactly how much of their taxes are spent on local government. We also propose, for added clarity, that the fraction of existing income tax that funds local government is clearly printed on every salary and wage slip.

88. Article 7.3 of the draft code states that local government, as a whole, should receive a guaranteed share of the existing income tax received by central government. The total income tax receipts in England for 2011-12 were estimated—by taking the total income tax take for the UK, and working out 83%, the percentage of the UK that currently reside in England—to be approximately £126,000 million.<sup>69</sup> The table below shows that total local government expenditure in England in 2011-12 was £127,114 million, with approximately £84,689 million, two thirds of local government expenditure, provided by central government. In other words, central government expenditure on local government in England equates to about two thirds of the income tax take for England.

**Sources of Local Government Finance, England, 2011/12 and 2012/13**

	2011/12		2012/13	
	£ million	%	£ million	%
<b>Council tax, balances &amp; other income</b>	<b>23,407</b>	<b>18%</b>	<b>22,677</b>	<b>18%</b>
of which:				
Council tax	22,311	18%	22,526	18%
Other Items	126	0%	131	0%
Reserves	971	1%	21	0%
<b>National Non-Domestic Rates</b>	<b>19,017</b>	<b>15%</b>	<b>23,129</b>	<b>19%</b>
<b>Central Government</b>	<b>84,689</b>	<b>67%</b>	<b>78,436</b>	<b>63%</b>
of which:				
Gross Expenditure on Council Tax Benefits	4,141	3%	4,189	3%
Specific Grants	69,877	55%	69,365	56%
Local Services Support Grant	189	0%	160	0%
Police Grant	4,546	4%	4,224	3%
Revenue Support Grant	5,873	5%	448	0%
General Greater London Authority Grant	63	0%	50	0%
<b>Total expenditure</b>	<b>127,114</b>	<b>100%</b>	<b>124,243</b>	<b>100%</b>

Source: CIPFA. *Finance and general statistics, 2012-13*

69 Figures provided by the House of Commons Library Social and General Statistics Section. Figures are an estimate.

89. There are many options which we feel central and local government could examine without prior commitment. One option, the most radical, would be complete transparency: where one third of income tax collected in England was distributed by HM Revenue and Customs to central government and the remaining two thirds to local government. Such a move could give financial reality to the general power of competence. There are other options, which would involve smaller proportions of the income tax take going to local government. A second option would be to adopt a proposal similar to the Silk Commission proposal on income tax for Wales. A third option would be to separate out local authority spending on education in England, and then to have the remainder of local government funding provided by a proportion of the income tax take for England.

90. We do not endorse any of these options at this point. We intend to seek further evidence on what approach would be best. We do however put forward the concept of tax transparency for Government, the LGA, and all those concerned with building a less dependent local government, to investigate, consider and discuss.

91. In his oral evidence Tony Travers suggested that the UK could implement a regional transfer system similar to Germany's:

...for many parts of England—if you put it this way—the total amount of the taxes paid by the city or county will be equivalent to the amount the Government spend on them. The only thing that is happening is all the money is going up to the Treasury and distributing power round Whitehall so that those people make the decisions about how the money is spent in Epping Forest, not people in Epping Forest.<sup>70</sup>

**92. 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.**

### **Other local revenue**

93. If one of our three options were implemented, every council's budget would largely then be made up from the relevant income tax take. Any shortfall would be made up by a council's freedom to raise other local revenue. Most councils would doubtless choose to continue with council tax and business rates. Councils would be wholly free under the terms of the draft code to raise additional new revenue, providing local electors expressed their consent. With the ability to raise new local revenue, real financial accountability will be brought back to local government.

94. Financially autonomous councils would mean that the centre could no longer cap or control councils' ability to vary taxes, including council tax. In a mature democracy, the local electorate, not Whitehall, would become the democratic check on the council's tax-raising ability, and this alone would be a significant step towards financial autonomy for the localities. Most councils could be self-financing in due course.

95. Durham County Council felt that the code could go further and explicitly offer a menu of powers, similar to those given to the Devolved Assemblies and Legislatures, that local councils could draw down.<sup>71</sup> This could allow prospective councillors to campaign locally on what additional powers or taxes would be most appropriate for the local area. However, we feel that a code encompassing the broad principles of autonomy for local government is the most important step.

96. In his oral evidence, Stephen Hughes, then Chief Executive of Birmingham City Council, told us that if local government were given tax-raising powers, it would use them in a considered manner. He stated that he would be interested in local government being able to set a hotel room levy, which was commonly used in much of Europe:

I would probably do something very similar, which is copy the continental system of charging a pound a bed per night for anybody who comes to the area; no one would notice it on their bill, probably, but it would make a significant difference. What I don't think we would do is say, "Oh, great, let's double the business rates now," because we know the impact that that would have. That would drive businesses out of the area.<sup>72</sup>

97. However, Councillor Ruth Dombey, Leader of London Borough of Sutton Council, was concerned that referendums to approve taxes were a crude tool:

Under the model envisaged by the draft code, local authorities would be free to raise additional local taxes in order to support public health initiatives, perhaps through a tax on takeaways. Assuming that ministers would resist the urge to defend Britons' 'right to a kebab on a Friday night', any such tax would have to run the gauntlet of a local referendum.<sup>73</sup>

98. We believe that councils looking after their own financial affairs in this way would deliver a massive stimulus to local interest, participation and activity. Revealing that a guaranteed share of income tax goes to the localities would stimulate many more individuals to take an interest in council matters and indeed to join political parties and take part in the local debates that would take place about local taxation and spending decisions. John Newman wrote:

I ask, what is the point of local election when local councils are so hamstrung and wonder if this is a significant factor in the consistently low turnout in local elections which I have observed from fifty years of watching politics. If local councils were seen to have genuine power, perhaps more people would think it worthwhile being involved, if only voting!<sup>74</sup>

99. A far healthier local democracy could emerge from local councils ceasing to be agents of central government, with electors being the passive recipients of decisions. Genuine

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71 Ev w78

72 Q 187

73 Ev w63

74 Ev w121

activity and local decision-making could be generated, which could also stimulate greater interest and involvement in politics. This would ultimately assist Westminster.

100. From Victorian times onwards, local government has shown it is perfectly capable of running its own affairs in this way, innovating, and meeting local needs. Councillor JR Knight, Leader of Ashfield Council, asked:

Is British regional politics currently able to produce politicians of the type that fashioned the Chamberlains in Birmingham, the Lever brothers in Liverpool or the Firths in Sheffield? These individuals took mundane cities and paved, parked, assized, marketed, gas, watered and improved them, producing public works that are revered even today.<sup>75</sup>

101. It is currently a legal requirement on councils to balance their budgets. That requirement is safeguarded by section 114 of the Local Government Finance Act 1988<sup>76</sup>, and section 25 of the Local Government Act 2003, which requires the Chief Financial Officer to report on the robustness of the budget and on the adequacy of proposed financial reserves.<sup>77</sup> If the requirement were given a higher profile, that could reassure the public that the safeguard of ensuring financial rectitude and discipline in local government is already in place. In the United States, for example, 38 states have laws which require them to operate an annual or biennial balanced budget, which in most cases must also be passed in the state legislature.<sup>78</sup>

102. The ability to raise additional local income, in whatever form was approved by the local electorate, would also extend to local electors consenting to the raising of bonds on the back of the local council's own hard-earned credit rating. Bond-raising by councils is commonplace in the United States which has a Municipal Bond Market with an estimated value of \$3.7 trillion, made up of over 44,000 state and local bond issuers.<sup>79</sup> The bond market could be used to raise funds for specific projects such as building bridges, opening schools or establishing an early intervention fund. Councils that had autonomy in terms of powers and finances could begin to make a dramatic contribution to economic performance and political participation nationally and put behind them years of underachievement and risk aversion. Moreover, councils would have the democratic and constitutional legitimacy to play a full role in national life and in stimulating the local and the national economy. Tony Travers thought that giving local authorities the freedom to raise bonds could be successful:

If you think in the current, literally today's world of savings and international financial problems, were a city in Britain to be able to issue bonds to rebuild its infrastructure, local people could buy the bonds and get a decent rate of return over time. The issuance

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75 Ev w99

76 Local Government Finance Act 1988

77 Local Government Act 2003

78 Table 1, National Conference of State Legislatures, NCSL fiscal brief state balanced budget provisions, October 2010

79 "Could municipal bonds be the next financial titanic?" , *Forbes Magazine*, 20 September 2012

of the bond would put pressure on the city council or the PTA to make this project work properly. This would be an extremely good solution.<sup>80</sup>

Although default rates on the Municipal Bond Market have historically been low, we would wish to take more evidence on how to reduce any risk of default in bond financing. Consideration would also need to be given to the long-term impact of giving councils access to bond finance.

103. We believe that the power to raise revenue is fundamental to greater independence for local government. The Deputy Prime Minister, giving evidence to the Committee on 13 December seemed to concur when he told us “I personally believe that the momentum is towards ever greater fiscal tax devolution.”<sup>81</sup> Under the code, it would be up to local councils, with the consent of their local communities, to decide what additional revenue-raising measures, if any, would be appropriate for their areas. **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.**

### Local government share of tax in other mature democracies

State<sup>1</sup> and local government revenues, by type of revenue, 2010

	% of total state and local government revenue				Current and capital transfers <sup>2</sup>	Social contributions <sup>3</sup>	% of which			
	Taxes	Indirect taxes	Direct taxes	Capital taxes			Other revenues	Sales and fees	Property income	subsidies on production
United Kingdom	12.7%	0.1%	12.5%	0.0%	71.8%	2.0%	13.5%	12.9%	0.6%	0.0%
Austria	52.6%	29.0%	23.6%	0.0%	31.6%	5.7%	10.1%	6.6%	3.5%	0.0%
Czech Republic	40.7%	20.5%	20.2%	0.0%	41.7%	0.1%	17.5%	16.1%	1.4%	0.0%
Denmark	34.3%	3.8%	30.6%	0.0%	57.5%	1.5%	..	..	0.5%	1.2%
Estonia	44.6%	4.6%	40.0%	..	44.6%	0.0%	..	..	1.8%	0.0%
Finland	46.2%	0.0%	46.2%	..	29.6%	0.0%	..	21.4%	2.8%	...
Germany	57.8%	28.8%	28.1%	0.9%	28.1%	4.0%	10.2%	8.2%	1.9%	0.1%
Hungary	21.2%	19.4%	1.7%	0.1%	67.1%	0.2%	11.5%	10.2%	1.3%	0.0%
Ireland	13.4%	13.4%	0.0%	0.0%	67.2%	4.1%	..	..	6.0%	0.0%
Italy	40.1%	27.0%	13.1%	0.0%	50.9%	0.6%	8.4%	7.0%	1.4%	0.0%
Luxembourg	31.2%	2.1%	29.1%	0.0%	49.2%	0.2%	19.4%	18.1%	1.3%	0.0%
Norway	41.1%	2.6%	38.5%	0.0%	42.2%	0.0%	16.7%	12.7%	4.0%	0.0%
Portugal	34.3%	22.7%	11.6%	0.0%	43.2%	5.0%	17.5%	12.6%	3.9%	1.0%
Slovenia	42.0%	7.6%	34.0%	0.4%	45.3%	1.0%	11.7%	11.4%	0.3%	0.0%
Spain	44.2%	25.0%	17.4%	1.8%	49.5%	0.4%	5.9%	5.3%	0.6%	0.0%

Notes:

<sup>1</sup> Countries shown above which include state government revenues are: Austria; Germany; and, Spain.

<sup>2</sup> can be from other levels of government, foreign governments, international organisations or other general government units

<sup>3</sup> for example contributions for pensions, health and social security

Rows may not sum to 100% due to missing data

Source:

OECD (2012), "General Government Accounts: Public finance and employment: revenues", *OECD National Accounts Statistics* (database).

doi: 10.1787/data-00617-en

(Accessed on 04 December 2012)

104. As the table shows, local government in the UK raises much less of its own revenue—only 12.7%— through taxation, and is more reliant on central government funding than the other OECD countries. This is in part because local government in the UK is restricted in what taxes it can use to raise revenue, and its only discretionary tax, the council tax, can only be raised by more than 3.5% a year if councils win a local referendum. Writing in the *Local Government Chronicle*, Tony Travers stated: “local taxation has been made so perceptible and unpopular that it will surely remain capped for the foreseeable future. The tax base is impossible to revalue. In short, council tax is dying”.<sup>82</sup>

105. Many other OECD countries rely on a mixture of locally raised direct and indirect taxes to raise approximately 50% of their revenue. Directly applied taxes in other countries can include revenue raised from either a municipal or local income tax. A sales tax would be a source of local indirect taxation.

106. For example, in municipalities in Finland, which raise 46% of their revenue from direct taxation, each municipality is responsible for annually determining their respective tax rates. In 2012, the municipal tax rates range between 16.25% and 21.75%, with an average of 19.25%.<sup>83</sup> In Norwegian municipalities, which raise 38.5% of their revenue from direct taxation, a proportion of tax is paid to the municipality and county, as well as to the state. Quebec, a Canadian province, has operated its own income tax since 1954, with its own definition of taxable income, and the other Canadian provinces operate provincial income tax rates which are collected and then redistributed by the federal government.<sup>84</sup>

107. If local government in England had a guaranteed share of national income tax, including the ability to raise additional taxes, agreed by local electors, it would be better placed to safeguard its autonomy and its local services in times of austerity. The Government should look carefully at the tax revenue mix in other countries and give serious consideration to looking at how similar schemes might work in England.

### **Equalisation safeguarded**

108. While many respondents were broadly in favour of the provisions in article 7, which covers local government financial integrity, there was some confusion surrounding what the earlier draft of the code was proposing regarding equalisation. Sir Robin Wales, Mayor of Newham,<sup>85</sup> Councillor Roderick Bluh, Leader of Swindon Council,<sup>86</sup> and Hartlepool Borough Council raised these concerns in their written evidence.<sup>87</sup>

109. In response to this, it is important that we clarify that the code seeks to keep in place the existing formula for equalisation and does not change it at all. Currently local government finance equalisation is carried out in Whitehall, using a formula known as ‘the four block model’, which has been described by the journal *Local Government Studies* as an

82 “Local Government’s sole tax is withering away”, *Local Government Chronicle*, 11 October 2012

83 Earned Income Taxation Finland, Ministry of Finance, [http://www.vm.fi/vm/en/10\\_taxation/01\\_personal\\_taxation/01\\_earned\\_income/index.jsp](http://www.vm.fi/vm/en/10_taxation/01_personal_taxation/01_earned_income/index.jsp)

84 Statistics Canada, Section H: Government Finance, <http://www.statcan.gc.ca/pub/11-516-x/sectionh/4057752-eng.htm>

85 Ev w107

86 Ev w16

87 Ev w39

“extraordinarily complex formula-based funding mechanism [which] aims to ensure that all local authorities are able to provide individuals with a broadly comparable level of public service”.<sup>88</sup> We do not feel that at the same time as introducing tax transparency we should tamper with the existing equalisation formula. The new line of accountability should be allowed to bed in. **On equalisation, we propose that the very same civil servants will continue to 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.**

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88 A Gibson and S Asthana, “A Tangled Web: Complexity and Inequality in the English Local Government Finance Settlement”, *Local Government Studies*, Volume 38, Number 3, 1 June 2012, pp 301-319(19)

## 6 A degree of permanence

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### **Statute**

110. Some of our witnesses stressed that entrenching the code was the only way to ensure that a rebalancing of the relationship between central and local government gave local government significant and lasting powers to control its affairs. Without entrenchment the Whitehall default position of micromanagement would reassert itself. Councillor Peter Webb, Leader of North Dorset District Council, stated: “I believe that codification for local government is now urgent and essential if England and the UK are to maintain their historic character, governance standards and integrity over the coming years”.<sup>89</sup> Sheffield for Democracy agreed, stating “we also wish to urge early action to implement the code; we see the need to act as urgent”<sup>90</sup>, while the Society for Local Authority Chief Executives (SOLACE) also agreed with “entrenching the legal position of local authorities in a way that would make it harder for future Parliaments to alter”.<sup>91</sup>

111. Sarah Ayres, Senior Lecturer in Policy Studies at the University of Bristol, noted: “localism means different things to individual government departments. Indeed there is no standard interpretation of localism in Whitehall”.<sup>92</sup> Her comments highlight why it is necessary that the codification of the relationship between central and local government is enforced by statute. Whitehall would be compelled to follow statutory obligations, whereas the aims of the Government’s localism agenda do not necessarily extend far beyond the Department for Communities and Local Government. We discuss later how we could draft a Bill which could be the basis for further discussion on this point.

### **A double-lock**

112. A draft code, enforced by statute, would mean that the constitutional role and the rights of local government would be clearly defined for all to see—something that local government in most other European countries takes for granted. However, we agree with a number of our submissions that if local government’s role is to be properly protected it needs to have a double-lock to ensure it cannot be readily repealed. Our proposal for discussion is that the independence of local government could be protected further by amending Section 2(1) of the Parliament Act 1911 to ensure that the consent of the Lords was always required for any Bills that altered the ‘powers, functions or structure of local government’. The effect of our proposed amendment would be to ensure that the Second Chamber had to authorise any change to the fundamental freedom of local government. We believe again that the very existence of this power would be sufficient for it never to have to be used. If the consent of the Lords were always required for any Bills that altered the ‘powers, functions or structure of local government’, future governments would find it difficult to pass legislation that would constrain local government autonomy. In effect, this would allow the Second Chamber to have a veto on local government matters it disagreed

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89 Ev w14

90 Ev w38

91 Ev w30

92 Ev w88

with. However, it is important to note that amending the Parliament Act to give local government a double-lock would be unprecedented and could encourage others to try to amend the Parliament Act to give constitutional protection to other matters.

113. The LGA told us that they: “support the Select Committee’s suggestion that any new provisions have special protection through the Parliament Acts, making them a quasi-constitutional law.”<sup>93</sup>

114. Another way to ensure that a rebalancing of the relationship did not result in a gradual creep of power back to the centre might be to codify a framework of relations between central and local government in statute in a similar way to the Scotland Act 1998. The Constitution Society was in favour of an approach that would see the relationship between central and local government codified within a Scotland-style Act.<sup>94</sup> However, the vehicle may be more suited to the Scottish Parliament than to English local government.

115. Under the Scotland Act 1998, the Scottish Parliament can make primary and secondary legislation in those areas not reserved to Westminster (which are specified in schedule 5 of the Act) or protected from modification (specified in schedule 4). Devolved subjects are those which do not fall under the reserved categories, or are not otherwise outside the legislative competence of the Scottish Parliament. They include: health, education and training, local government and the police and fire services, among others. The Scotland Act 2012 devolved stamp duty, land tax and landfill tax and limited income tax raising powers. As section 28(7) of the Scotland Act states that nothing in the Act prevents the UK Government from legislating on matters included in the Act, the Act is also backed up by the Sewel Convention. The Sewel Convention states that the UK Parliament will legislate on a matter which is devolved to the Scottish Parliament only if the Scottish Parliament gives its explicit consent.

### ***A Joint Committee on Local Government***

116. A double-lock on interference by central government has also been suggested in the form of a Joint Parliamentary Committee on Local Government. This proposal has been contained within the draft code since its first draft. Article 1.1 of the draft code states:

The fundamental rights, freedoms and duties of councils herein are defined protected and entrenched. They may not be compromised or changed other than by the explicit consent of Parliament as authorised firstly by an elected joint committee of both Houses, and then by the approval of both Houses of Parliament as prescribed in the amendment to the 1911 Parliament Act.

Professor George Jones and Professor John Stewart suggested that it may be advisable to create a Joint Parliamentary Committee to advise on whether any proposed legislation would infringe on the autonomy of local government. The Joint Committee could issue a statement to certify that new legislation did not impose new burdens on local government.

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93 Ev w104

94 Ev w27

117. The Constitution Society commented: “If the principles of the code were safeguarded by amendment to the Parliament Act, the Constitution Society is unclear what additional protection would be achieved by the proposed requirement for prior authorisation by an elected joint committee of both Houses”.<sup>95</sup> However, at least initially, a Joint Committee to review the impact of new legislation on local government would be one way to flag up early resurgent centralising tendencies. It could also help to ensure that all government departments were following the code.

**118. 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.**

## 7 Next steps

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119. 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.

120. 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.

121. 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.

### *A cultural shift*

122. Witnesses highlighted that even if a code for relations between central and local government were enforced by statute, much would need to be done to change negative perceptions of local government within Whitehall. Charlie Adan, the Chief Executive of Babergh and Mid Suffolk District Councils, stated:

Clearly, successful implementation of the code would require significant behavioural and attitude change across both central and local government, and legal entrenchment of a code would not be effective without that cultural shift.<sup>96</sup>

Many others, including Suffolk County Council<sup>97</sup>, Councillor Geoff Driver, Leader of Lancashire County Council<sup>98</sup>, the London Borough of Lambeth<sup>99</sup>, and the LGA<sup>100</sup> all made similar comments regarding the need for a cultural shift in favour of local government autonomy.

123. Local government itself will grow and become more important as it gains independence. Being in a local party, on a local council making real decisions in local communities, will lead to a massive renaissance in local government and an injection of energy that will reinvigorate local politics.

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96 Ev w61

97 Ev w67

98 Ev w80

99 Ev w95

100 Ev w104

124. Another significant consequence of a statutory code devolving power and finance would be that local councils will, in turn, if they so choose, be able to devolve these powers down to neighbourhoods, or to parish councils. What is currently a democratic deficit would give way to a democratic resurgence.

125. 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.

### *Further dialogue*

126. 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.

127. 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.

128. 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.

129. 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.

130. 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.

131. 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.

## Conclusions and recommendations

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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 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)
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)

# Appendix: Illustrative draft code for central and local government

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## Illustrative draft code for central and local government—a basis for further discussion<sup>101</sup>

### Preamble (Optional)

We the citizens and the Government of the United Kingdom recognise all elected councils in England as free and independent bodies, separate and equal partners in the governance of this realm under Her Majesty, accountable to local people. Parliament asserts that democratically elected councils have a range of rights, freedoms and duties to secure and improve the well-being of their citizens and communities. Parliament states that elected councils have the right to carry out those duties as they judge best on any matter which is not reserved under law to the competence of some other authority, subject always to the judgment of the courts and the ultimate approval of their electors. Parliament makes plain that elected councils have equal status to elected central government and that their rights and duties shall enjoy equal protection in law.

### Article One:

1. The fundamental rights, freedoms and duties of councils herein are defined protected and entrenched. They may not be compromised or changed other than by the explicit consent of Parliament as authorised firstly by an elected joint committee of both Houses, and then by the approval of both Houses of Parliament as prescribed in the amendment to the 1911 Parliament Act.
2. This code embodies an agreement between central government and local councils. Councils, local government representative bodies, all ministers, government departments, MPs, civil servants, courts of law and all public agencies interacting with local government are bound by the articles within this agreement and will act in accordance with these articles.
3. The individual rights of citizens are not affected by this code and citizens may seek judicial review against any injustice or infringement of rights as now. Councils and government can seek legal adjudication should it be felt that a council, councils or central government are not acting in accordance with the code.

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<sup>101</sup> On 18 January 2011, the Committee agreed “that written evidence be sought from an academic witness, containing an illustrative draft code governing the relationship between central government and local authorities in England”. Professor Colin Copus of de Montfort University agreed to take on this work. On 23 March 2011, the Committee wrote to all those who had given oral evidence to the inquiry asking for their views on the draft code for relations between central and local government. Suggested revisions were received and at the request of the Committee incorporated by Professor Copus into the draft code. The draft code was put out to public consultation between February and November 2012, and the Committee received 99 responses. Suggested revisions were incorporated into the code by Professor Copus and resubmitted to the Committee on 10 December 2012.

### **Article Two: Local Autonomy and Local Self-Government**

1. Councils' accountability is to local citizens.
2. Councils shall operate within the rule of law and with regard and respect to human rights legislation.
3. Councils are autonomous, democratically elected bodies which independently decide upon, administer and regulate the public affairs of and deal with all matters of concern within their boundaries which are not dealt with or attended to by other governmental bodies under law.
4. Councils operate within a framework of an irrevocable general power of competence with a full legal personality. Subject to the preamble to this code and to paragraph 3 of this Article powers rest with councils, acting in accordance with the national legal framework, to pass local measures on matters affecting the affairs and interests of their area.

### **Article Three: Scope of Local Government**

1. The powers and responsibilities of councils may not be prescribed other than by statute subject to safeguards in Article 1.1.
2. Councils have, in addition to existing powers, full discretion to exercise their initiative with regard to any matter which is not excluded from their competence or assigned to any other authority or body.
3. Councils are to be consulted, early within the policy and decision-making processes, by the Government if it is proposing actions which will affect any council and its communities.

### **Article Four: Inter-Governmental Activities**

1. Central and local government acting jointly shall be allowed to create inspection regimes to set and maintain service standards.

### **Article Five: Territorial Autonomy**

1. The geographical boundary of a council can only be altered by a proposal from the council itself or from local citizens and not by any action of central government. Any locally inspired proposal for boundary changes must be constructed with the involvement of the Local Government Boundary Commission for England and within the law and subject to local approval in the area concerned.

### **Article Six: Council Governmental Systems**

1. Local citizens through methods agreed by their councils shall have autonomy to choose their internal political decision-making systems (including, the right to adopt a directly elected mayor and cabinet, cabinet and leader, or a committee system, or any other political decision-making arrangement). Local citizens through methods agreed by their councils can adopt any electoral system for use in council elections, after consultation and approval by local citizens.

**Article Seven: Local Government Financial Integrity**

1. Councils shall be financially independent of central government. Equalisation arrangements will continue as now. Equalisation will be conducted through a process independent of central government and continue to be based on the principle of ensuring fairness and balance between councils.
2. Councils may raise additional sources of income in their localities in any way they wish [subject to the rule of law and human rights legislation] if they gain the consent of their electorates.
3. Local government shall have a guaranteed share of the annual yield of income tax. This share shall be renegotiated whenever service provision responsibilities are transferred between central and local government.
4. Councils shall be able to raise any loans, bonds or other financial instruments which their credit rating allows and will be exclusively responsible for repayment. All councils shall operate “a balanced budget” so that all outgoings, including interest repayments on borrowings, shall not exceed income.
5. Central government may not cap, or in any way limit, council’s taxation powers. Central and local government may contract with each other to pursue their own policy objectives.
6. The same financial transparency standards will apply to local and central government, alike.

**Article Eight: Councils’ Right and Duty to Co-operate and Associate**

1. Councils as independent legal entities are entitled, in any undertaking, to co-operate in any way with other councils, public and private bodies, any voluntary, charity or third-sector organisation, or with any financial, commercial or private enterprise.
2. Where more than one Council is responsible for services in a geographic area, these Councils shall co-operate to maximise the well-being of those within that area.
3. Councils are able to belong to any association for the protection and promotion of their common interests and to belong to an international association of any sort. Subject to the general provisions of this code councils are entitled to co-operate with councils in other countries for any matter.

**Article Nine: Decision making**

1. The administration of any local proposition, referendum or other local decision making process shall follow standards set by the Electoral Commission, and those responsible for the conduct of any such democratic process shall be accountable to the Electoral Commission for their performance against those standards.

**Article Ten: Legal Protection of Local Government**

1. Councils have the right of recourse to a judicial remedy in order to secure free exercise of their powers, and any other principles of local self-government or individual rights enshrined in law or contained within the code or evident in Human Rights legislation.

## Annex: What does the code mean for me?

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A new constitutional settlement for local government will be the life blood of our democracy, but it must be seen to be relevant to the ordinary local elector. So what difference would be evident in your area?

There would be a new buzz as local government set out its ambitions for its people, its areas and its economy, showing the ideas, the drive and the determination to take localism further. Surveys show electors already have more faith in local government than central government. More than that, councils have proved that they can deliver localism in action, making a difference to communities. Local councils should be held to account and fired if necessary by local electors.

Local decisions about local matters are more sensitive, and less crude than ‘one size fits all’ from Whitehall. Electors would notice the difference in many areas. Here are five:

### 1. Retaining and raising local income

Building the local economy and boosting local job creation is one of the main benefits of letting councils get on with the job that local people elected them to do. The devolved Administrations do not have to wait for clearance from Whitehall. Local democracy in England should be in the same situation. If you saw that a part of your income tax came directly back from HMRC to your council then you, like other every other elector, would take a much closer interest in local decisions, and your council, and value for money.

As a **local business owner**, what would be different if councils were able to retain business rates? The most obvious answer is that your business rates make you an even more valuable asset to your council.

By having a financial stake in the success of local businesses, councils will be incentivised to work constructively with you to make sure that local conditions are as favourable as possible to the success of your business—be that a corner shop, construction firm or multinational manufacturing plant. Companies from Jaguar Land Rover to Manchester Metropolitan University to the over 1,000 businesses helped by Calderdale’s economic task force can point to the positive impact of working with councils.

As a local business, you play an important role in your local economy. Councils will have even more reason to recognise that when they are able to reinvest business rates in local services – not funnel them back to Whitehall. Your rates will be crucial in helping fund care for older people, supporting vulnerable young people, regenerating your local town centre and much more.

As a council tax payer the rate of council tax you pay will be entirely in the hands of your council, to be spent on your local services. Councils will no longer be able to blame central government when choosing to increase council tax, but will have to make the case to local taxpayers. This would support a much more collaborative, locally driven approach to funding and providing local services.

You would vote to authorise fund-raising propositions, local bonds and so on, so you would have to be persuaded to cast your vote for or against a particular proposal—funding a new bridge, school, or early intervention programme for example.

## 2. Removing centrally imposed duties

As a **local resident** you will from time to time want to speak to the council about an issue that is important to you. It might be repairing a pothole, applying for benefits, installing a new road safety sign outside your children’s school, or requesting a new bus route. All too often, the council’s ability to respond swiftly, innovatively, and in a way that meets local needs is hampered by having to obey rules set out in London.

With independent local government, strong business cases built on value for money would have been subject to stringent local audit control and scrutiny—potentially saving £40 million of public money.

Greater freedoms from central supervision would mean that your council would be much more able to respond to your local circumstances. That in turn means your vote at elections and on local propositions is even more important in determining what, how, when, and where services are provided locally: the balance of power would shift away from Whitehall towards you.

## 3. Letting local electors decide councils’ boundaries, structures and governance models

Local people have a deep and abiding interest in the way their locality is governed. You have only to look at the reams of submissions to the Local Government Boundary Commission for England on the proposed changes to local government in Devon to see the breadth and depth of people’s concern.<sup>102</sup>

A sense of place is at the heart of local government, and central government meddles with this at its peril—as can be seen by the results of the Norfolk, Suffolk, and Devon boundary reviews.

Imagine the impact of making a local decision on the electoral system to be used to elect your council or to endorse further devolution to neighbourhoods, communities, councils or parishes—with you deciding, not ‘the man from Whitehall’. Your voice suddenly becomes much more important; you make decisions not passively receive them.

As a **local resident**, independent local government gives you more power to shape your local area: it is your vote that counts, not the opinion of a distant Secretary of State. You know how your local needs are best represented, and this is what should determine councils’ boundaries, structures, and governance models.

## 4. Restating and extending local councils’ General Power of Competence

The community budget pilots are already demonstrating what a difference a community budget approach can make to local people. Residents in the pilot areas will benefit from plans to:

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102 <http://www.lgbce.org.uk/all-reviews/south-west/devon/devon-structural-review>

integrate health and social care in Tri-borough so that older people and those with chronic conditions are rushed to hospital or into emergency care less frequently.

help complex families in Greater Manchester into work and out of dependency on benefits once the Troubled Families Programme funding runs out.

reduce domestic abuse in Cheshire West and Chester and Essex with perpetrators helped to stop abusing.

improve the skills of people in Essex so that they can increase their earnings and compete more successfully for work.

The opportunities to make changes on this scale should be available to all councils by extending the General Power of Competence so that it is a truly general power, not one hemmed in by over 1,000 statutory duties.

## **5. Entrenching the independence of local government**

As a local resident you would see your council leading the way in promoting a vibrant local economy and ensuring the best outcomes for you and your family and friends. People, having got used to exercising this control over their own affairs, would not want to see these powers default back to Whitehall. The powers and freedoms would be protected in a way that would mean that changes in government would not lead to meddling and micro-management. Local would mean local, and it would stay local.

So local control through autonomous local government must be enshrined in law and properly entrenched if it is to win hearts and minds. People have seen significant nationally-driven changes in public services over recent years. A commitment from Government to a lasting devolution of powers and responsibilities would make a strong case to councils and local people about the permanence of their intentions.

Local electors would see that in our country we trust the people—and the local government that they choose—to run their own affairs, like most other democracies.

# Formal Minutes

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**Monday 17 December 2012**

Members present:

Mr Graham Allen, in the Chair

Sheila Gilmore  
Fabian Hamilton  
Simon Hart

Tristram Hunt  
Stephen Williams

Draft Report (*Prospects for codifying the relationship between central and local government*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 131 read and agreed to.

Annex and Summary agreed to.

A Paper was appended to the Report as an Appendix.

*Resolved*, That the Report be the Third Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Thursday 10 January at 11.45 am]

# Witnesses

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(printed in Volume II)

<b>Thursday 18 November 2010</b>	<i>Page</i>
<b>Roger Gough</b> , Councillor, Kent County Council	Ev 1
<b>Professor George Jones OBE</b> , Emeritus Professor of Government, London School of Economics and <b>Professor John Stewart</b> , Emeritus Professor of Local Government and Administration, University of Birmingham	Ev 9
<b>Thursday 25 November 2010</b>	
<b>Professor Tony Travers</b> , Department of Government, London School of Economics and <b>Sir Simon Jenkins</b> , journalist and author	Ev 18
<b>Thursday 2 December 2010</b>	
<b>Sir Merrick Cockell</b> , Leader, Kensington and Chelsea Council, <b>Jules Pipe</b> , Mayor of Hackney and Chair, London Councils, <b>Lord Bichard</b> and <b>Baroness Eaton</b> , Chairman, Local Government Association	Ev 36
<b>Thursday 9 December 2010</b>	
<b>Sir Howard Bernstein</b> , Chief Executive, Manchester City Council, <b>Andrea Hill</b> , Chief Executive, Suffolk County Council and <b>Stephen Hughes</b> , Chief Executive, Birmingham City Council	Ev 52
<b>Thursday 16 December 2010</b>	
<b>Dr Bill Moyes</b> , Institute for Government and <b>Jessica Crowe</b> , Centre for Public Scrutiny	Ev 68
<b>Simon Parker</b> , New Local Government Network, <b>Jessica Crowe</b> , Centre for Public Scrutiny and <b>Sir Simon Milton</b> , Greater London Authority	Ev 73
<b>Thursday 20 January 2011</b>	
<b>Mr Clive Betts MP</b> , Chair, Community and Local Government Committee	Ev 85

## List of written evidence from Session 2012-13

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(published in Volume III on the Committee's website [www.parliament.uk/pcrc](http://www.parliament.uk/pcrc))

1	Professor Colin Copus, De Montford University	Ev w1
2	PG Marshall, Ashfield District Council	Ev w9
3	Cllr Graham Jones, West Berkshire Council	Ev w11
4	Dr Andrew Blick, King's College London	Ev w12
5	Cllr Denise Jeffery, Wakefield Metropolitan Council	Ev w12
6	Association of North East Councils	Ev w13
7	Cllr Bob Price, Oxford City Council	Ev w14
8	Cllr Peter Webb, North Dorset District Council	Ev w14
9	Cllr Peter F Adams, Borough of Poole	Ev w15
10	Oxfordshire County Council	Ev w15
11	Cllr Roderick Bluh, Swindon Borough Council	Ev w16
12	Profs George Jones and John Stewart	Ev w18
13	Chris Himsworth	Ev w23
14	National Association of Local Councils (NALC)	Ev w25
15	Cllr Terry Snow, Mid Devon District Council	Ev w26
16	Cllr Doug Ross, West Somerset District Council	Ev w27
17	The Constitution Society	Ev w27
18	Andrew Muter, Newark and Sherwood District Council	Ev w30
19	SOLACE	Ev w30
20	Howard Thackray, Huntingdonshire District Council	Ev w31
21	Cllr Ray Manning, South Cambridgeshire District Council	Ev w31
22	Cllr Mark Crane, Selby Council	Ev w31
23	Cllr Peter Martin, Essex County Council	Ev w31
24	Cllr Michael White, Havering Borough Council	Ev w32
25	Nigel Slack	Ev w32
26	Mrs Linda Arkley, Mayor of North Tyneside	Ev w33
27	Cllr Jillian Creasy, Sheffield City Council	Ev w35
28	Bruce Lang, West Somerset Council	Ev w35
29	Cllr Gordon Keymer CBE, South East England Councils (SEEC)	Ev w35
30	London Borough of Ealing	Ev w36
31	Chesterfield Borough Council	Ev w36
32	Cllr Mehboob Khan, Kirklees Council	Ev w37
33	Sheffield for Democracy	Ev w38
34	Hartlepool Borough Council	Ev w39
35	Cllr David Hodge, Surrey County Council	Ev w40

36	Dr Catherine Durose, University of Birmingham	Ev w41
37	Adur District Council and Worthing Borough Council	Ev w42
38	Richard Harbord	Ev w44
39	Reading Borough Council	Ev w46
40	Sunderland City Council	Ev w46
41	Angus Campbell, Dorset County Council	Ev w48
42	Cllr Ron Halliday, Wakefield Council	Ev w49
43	Cllr Philip Atkins, Staffordshire County Council	Ev w49
44	National Association of Councillors	Ev w55
45	Bristol City Council	Ev w55
46	Wolverhampton City Council	Ev w56
47	Mark Lloyd, Association of County Chief Executives	Ev w60
48	Cllr Graham Chapman, Nottingham City Council	Ev w60
49	Charlie Adan, Babergh and Mid Suffolk District Councils	Ev w61
50	Cllr Ruth Dombey, London Borough of Sutton	Ev w63
51	Suffolk County Council	Ev w67
52	Ian Fytche, North Kesteven District Council	Ev w71
53	Tim Gilling, Centre for Public Scrutiny	Ev w71
54	Ruth Marlow, Mansfield District Council	Ev w73
55	Kent County Council	Ev w74
56	Cllr Mike Jones, Cheshire and West Chester Council	Ev w76
57	Durham County Council	Ev w78
58	Lutfur Rahman, Mayor of Tower Hamlets	Ev w79
59	Cllrs John Hart, Brian Greenslade and Saxon Spence, Devon County Council	Ev w80
60	Cllr Geoff Driver, Lancashire County Council	Ev w80
61	Cllr Nicholas Paget-Brown, Royal Borough of Kensington and Chelsea	Ev w82
62	Henry Peterson	Ev w83
63	John Austin, Association of Democratic Services Officers (ADSO)	Ev w87
64	Cllr Ray Nottage, Christchurch Borough Council	Ev w87
65	Sarah Ayres, Senior Lecturer in Policy Studies, University of Bristol	Ev w88
66	Louise Goldsmith, West Sussex County Council	Ev w89
67	Stephen Greasley, University of Exeter	Ev w90
68	Cumbria County Council	Ev w92
69	Cllr Frank Prince, Broxtowe Borough Council	Ev w94
70	Cllr Spencer Flower, East Dorset District Council	Ev w94
71	London Borough of Lambeth	Ev w95
72	Cllr Clarence Barrett, London Borough of Havering	Ev w98
73	Cllr Paul Bayliss, Derby City Council	Ev w98
74	Cllr JR Knight, Ashfield District Council	Ev w99
75	Chris Game, Institute of Local Government Studies, University of Birmingham	Ev w99
76	Sir Howard Bernstein, Manchester City Council	Ev w100
77	Plymouth City Council	Ev w101
78	Derbyshire County Council	Ev w102
79	Local Government Association	Ev w104
80	Cllr Sir Albert Bore, Leader, Birmingham City Council	Ev w106

81	Sir Robin Wales, Mayor of Newham	Ev w107
82	Cllr Kay Cutts, Leader, Nottinghamshire County Council	Ev w108
83	John Robinson, Chief Executive, Gedling Borough Council	Ev w108
84	Cllr Keith Wakefield, Leeds City Council	Ev w108
85	Cllr John Shephard, Bassetlaw District Council	Ev w109
86	Tony Pearce	Ev w109
87	John W Healy	Ev w110
88	Graham Benjamin	Ev w110
89	J. D. Budden	Ev w111
90	Dr Nicky Davis	Ev w112
91	2020 Public Services Hub	Ev w113
92	Joel Benjamin, Move Your Money UK	Ev w114
93	Professor Hugh Bochel, University of Lincoln	Ev w115
94	Philip Coleman, Chichester District Council	Ev w116
95	Unlock Democracy	Ev w116
96	Steve Bullock, Mayor of Lewisham	Ev w119
97	Joe Duckworth	Ev w120
98	John Newman	Ev w121
99	Dr Robin Hooper, Eden District Council	Ev w123

## List of written evidence from Session 2010-12

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(published in Volume IV on the Committee's website [www.parliament.uk/pcrc](http://www.parliament.uk/pcrc))

1	Andrew Stevens, Japan Local Government Centre	Ev w124
2	Professor George Jones and Professor John Stewart	Ev w124, 127, 128
3	Bristol City Council	Ev w130
4	Local Government Association	Ev w131
5	Professor Steve Leach, Professor Vivien Lowndes and Dr Mark Roberts	Ev w133
6	Andrea Hill, Chief Executive, Suffolk County Council	Ev w137
7	Professor Colin Copus, De Montfort University	Ev w138
8	Centre for Public Scrutiny	Ev w144, 149
9	Localis	Ev w151
10	City of London Corporation	Ev w152
11	Henry Peterson	Ev w152
12	Core Cities Group	Ev w159
13	Unlock Democracy	Ev w162
14	Association of Council Secretaries and Solicitors	Ev w164
15	Sir Howard Bernstein	Ev w165
16	Mayor of London	Ev w169
17	Local Government Information Unit	Ev w171

18	Mr Clive Betts MP	Ev w174
19	Chris Himsworth, University of Edinburgh	Ev w177
20	Bill Moyes	Ev w179
21	Cllr John Faulkner, High Peak Borough Council	Ev w182
22	Mark Ryan, Coventry University	Ev w182
23	London Councils	Ev w183
24	Stephen Hughes, Sir Howard Bernstein and Andrea Hill	Ev w186
25	Professor Colin Copus, De Montfort University	Ev w189
26	London Councils (further evidence)	Ev w197
27	Andrea Hill, Chief Executive, Suffolk County Council (further evidence)	Ev w199
28	Centre for Public Scrutiny (further evidence)	Ev w202
29	Professor George Jones and Professor John Stewart (further evidence)	Ev w205
30	Baroness Eaton DBE DL, Chairman, Local Government Association	Ev w206
31	Sir Howard Bernstein (further evidence)	Ev w208
32	Professor Tony Travers	Ev w210
33	Cllr Roger Gough, Kent County Council	Ev w213
34	Lord Bichard	Ev w214
35	Stephen Hughes, Chief Executive, Birmingham City Council	Ev w214

## List of Reports from the Committee during the current Parliament

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2010–12

First Report	Parliamentary Voting System and Constituencies Bill	HC 422
Second Report	Fixed-term Parliaments Bill	HC 436 (Cm 7951)
Third Report	Parliamentary Voting System and Constituencies Bill	HC 437 (Cm 7997)
Fourth Report	Lessons from the process of Government formation after the 2010 General Election	HC 528 (HC 866)
Fifth Report	Voting by convicted prisoners: Summary of evidence	HC 776
Sixth Report	Constitutional implications of the Cabinet Manual	HC 734 (Cm 8213)
Seventh Report	Seminar on the House of Lords: Outcomes	HC 961
Eighth Report	Parliament's role in conflict decisions	HC 923 (HC 1477)
Ninth Report	Parliament's role in conflict decisions: Government Response to the Committee's Eighth Report of Session 2010-12	HC 1477 (HC 1673)
Tenth Report	Individual Electoral Registration and Electoral Administration	HC 1463 (Cm 8177)
Eleventh Report	Rules of Royal Succession	HC 1615 (HC 586)
Twelfth Report	Parliament's role in conflict decisions—further Government Response: Government Response to the Committee's Ninth Report of Session 2010-12	HC 1673
Thirteenth Report	Political party finance	HC 1763

### Session 2012–13

First Report	Recall of MPs	HC 373 (HC 646)
Second Report	Introducing a statutory register of lobbyists	HC 153