

# Government must bite the bullet on local government finance reform, Localis urges

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Press release

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- Localis today publishes its latest report entitled *“Biting the Bullet: Funding Local Government in this Parliament and Beyond.”*
- The paper highlights the urgent financial challenges plaguing local government in England and offers actionable recommendations for reform as the country moves forward.
- ‘Biting the bullet’ concludes that while the recent Autumn Budget provided modest funding increases, significant long-term solutions will be required in next spring’s Comprehensive Spending Review to maintain sustainable provision of local services.

## Government must bite the bullet on local government finance reform, Localis urges

The government must show political courage and expend political capital in driving urgent reforms to the local government finance system in next spring’s Comprehensive Spending Review a new report issued today by Localis has advised.

In a study entitled: *‘Biting the Bullet: Funding Local Government in this Parliament and Beyond’* the think tank sets out today’s daunting landscape for sustainable local public services in the aftermath of the Budget, highlighting how increased costs in three crunch council service areas of temporary accommodation, special educational needs and disabilities (SEND) and adult social care require far-reaching fiscal action.

In outlining various reform pathways, the independent study stresses the need for a comprehensive overhaul of local government finance as an answer to the Labour government’s pledges to “fix the foundations” of public services and initiate a broader national renewal.

Pathways for reform outlined in the report include:

- updating the central government grant allocation formula;
- devolution of revenue-raising powers in areas such as ‘tourist taxes’ or environmental levies;
- reform of business rates to make it a charge beyond ‘bricks and mortar’ and consider alternatives like a local corporation tax or extent local retention;
- Either revaluing council tax valuation levels for the first time since 1991 or adding extra council tax bands and removing the single-person discount.

The study also advocates for the government to devise and impose a land value tax to provide a stable revenue source for local government whilst discouraging land speculation and promoting efficient land use, as well as enabling lower transaction taxes to stimulate housing market mobility.

**Sandy Forsyth, lead researcher at Localis**, said: “Local government plays a critical role in delivering essential services, yet it remains underfunded amid rising challenges.

“This report urges Treasury policymakers involved in preparing the Comprehensive Spending Review to adopt a bold and pragmatic approach to local public financial reform, ensuring that local authorities can meet the needs of their communities.

“This will demand a shift in political will and a commitment to restructuring local government finance in ways that address systemic issues.”

**Localis, chief executive, Jonathan Werran**, said: “Local government has a lot to be hopeful for from a government promising to rebuild council finances from scratch and with the firm promise of multi-year settlements in subsequent spending review periods.

“Fixing a broken system will require political choices and the expenditure of political capital – there will be winners and losers. However, as our report highlights, there is much in the wider arsenal of fiscal policy

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to draw on for a reformed local taxation system that is more efficient, fairer and sustainable.”

**END**

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**Notes to Editors:**

1. **An advance copy of the report is available for download:**

1. **About Localis**

Localis is an independent think-tank dedicated to issues related to politics, public service reform and localism. We carry out innovative research, hold events and facilitate an ever-growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK.

[www.localis.org.uk](http://www.localis.org.uk)

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