Conservative Policy Forum

Conservative Councillors' Association

A New Conservative Vision For Local Government

Policy discussion paper

Foreword

Local government is where most people meet the state. It is the council that decides what gets built and where, looks after the vulnerable, and keeps the town centre alive. It is also the oldest expression of a Conservative instinct: that the people closest to a problem usually understand it best, and that power should sit as near to them as it sensibly can.

Conservatives have a proud record in local government. We run lower-tax, better-value councils. We created the first metro mayors where there was a real economic geography and a real local appetite for them, and we have fought the imposition of mayors and the top-down redrawing of the local map where there was not. We have never believed that every part of England needs to look the same.

Since 2024 the Labour Government has set about rebuilding English government around a uniform system of regional mayors and strategic authorities, redrawing the local map to a single national template, and designing a funding system that punishes councils that have kept tax low and run themselves well. It calls this devolution.

These actions call for a Conservative response. And the big questions are now ours to answer. Should strategic authority mayors be the dominant power everywhere? Should places that grow their economies keep more of the proceeds? What should local government do, and what should it stop doing? In short, what do Conservative principles mean in practice for the places where people actually live?

This consultation is our chance to answer those questions together. It has been brought together by the Conservative Councillors' Association and the Conservative Policy Forum, the local government and policy wings of our party. It is a huge opportunity for every party member and Conservative councillors across the country. We also very much welcome the expertise of the Conservative Groups on the Local Government Association, the County Councils Network, the Local Councils' Network, and London Councils, of town and parish councils and the National Association of Local Councils, and of the wider public services and businesses connected to local government. This paper sets out what is happening, why, and what the choices are. Then it asks you to shape our party's policy.

This consultation asks bigger questions than simply how to respond to Labour's changes. It asks what local government in England would look like if it were built on Conservative principles: on Burke's little platoons, on subsidiarity, on enterprise, and on respect for the places people actually identify with. The Prime Minister says he is rewiring the state. We think the wiring should run from the citizen upwards, not from Downing Street down. The Right Way reminds us that "*most people do not lie awake worrying about devolution or local government reform. They ask why nothing seems to be working.*" That is the test any answer we give must meet. So please read this paper, argue with it, and tell us what you think.

The Conservative vision for local government starts with you.

Katie Lam MP
Shadow Secretary of State for Housing, Communities and Local Government

Cllr John Cope
Chairman, Conservative Councillors' Association

John Penrose
Chairman, Conservative Policy Forum

How to take part

We want to hear from Conservative Party members, councillors, local government professionals and anyone with experience or ideas about how local government could work better.

You can take part individually or as part of a local Conservative Policy Forum (CPF) group. We encourage groups to organise discussions around the questions in this paper and, where possible, invite local councillors or representatives from the Conservative Councillors' Association (CCA) to contribute.

If you would like to involve a representative from the Conservative Councillors' Association (CCA) in your discussion, or have any questions for the CCA, please contact them at cca@conservatives.com.

You do not need to answer every question. Please focus on the areas where you have particular knowledge, experience or ideas.Responses can be submitted individually or on behalf of a group using the consultation response form.

Submit your individual response here: Individual Response Form

Submit a group response here: Group Response Form

Closing date: Friday 18th December 2026

A summary of responses to this consultation paper will be published online. We look forward to hearing your views.

The Conservative Councillors' Association

www.ConservativeCouncillors.com | @CCACllrs

The CPF Management Team
John Penrose, CPF Chairman
Ahmereen Reza OBE, CPF Vice-Chairman
Frances Lasok, CPF Director
Cllr Sai Karthik Madabhushi, CPF Deputy Director - Nations and Regions
Cllr Selina Short, CPF Deputy Director - National Policy
Thomas Inman, Deputy Director - Programmes and Management
www.ConservativePolicyForum.com | @ConservativePF

For information about joining or organising a local CPF discussion group, please visit www.conservativepolicyforum.com or contact Thomas, Deputy Director, Programmes and Management, at admin@conservativepolicyforum.com.

Summary briefing

Our record in Government. Between 2010 and 2024 Conservative-led governments abolished the uniform regional development agencies and regional strategies, gave councils new freedoms under the Localism Act 2011, protected residents with a right to a referendum on excessive council tax rises, and created combined authorities, metro mayors, and unitary councils where local areas asked for them, starting in Greater Manchester, Tees Valley, and the West Midlands. Conservatives did not impose regional government, or top-down local government restructuring, on any area.

What is happening now. Labour's English Devolution and Community Empowerment Act 2026 (published under the Starmer Government) creates a statutory tier of strategic authorities, hands new powers to strategic authority mayors (the mayors of combined authorities and of Greater London, as distinct from the directly elected mayors of individual councils), and abolishes the remaining district councils and replaces with a uniform map of unitary authorities. The subsequent *Rewiring the State*, published by the Burnham Government on 31 July 2026, commits to "devolution by default" where every part of England will have a strategic authority by the end of 2028, moves to a model of funding mayors through a share of income tax rather than grants, and adds the power to introduce an Overnight Visitor Levy. Mayors will be able to retain a greater share of the tax base, but will be given no power to cut income tax, business rates, or council tax (Hansard, 16 October 2026, PQ29419). The new funding settlement redistributes money away from councils that have kept council tax low and towards higher-spending councils, many of them Labour-run, while assuming every council raises council tax by the maximum allowed.

Why it matters for Conservatives. Our record on local structures has largely been locally determined. We have supported unitary councils and mayors in some places and opposed them in others. On the biggest questions, which tier of government should do what, what a councillor is for, and how places that grow should be rewarded, members, MPs, and councillors would give different answers. Mayors are part of local government, not a replacement for it, and nothing in Labour's post-2024 changes should be treated as a settled constitutional settlement. Where mayors make sense, they must be a part of local government, and not a replacement for it. Since 2024, the language has devolution has too often been used to smuggle in more central control, and a ratchet designed to raise taxes and increase the size of the state, with no space for the Conservative alternative. This paper is the chance to argue from a position of our own rather than react to Labour's map as it is redrawn.

The principles at stake. Burke's little platoons: society is built upwards from families, neighbourhoods, parishes, and towns, and the state should serve those institutions rather than supplant them. Subsidiarity: decisions should be taken at the lowest level competent to take them, with the burden of proof on anyone who wants to move power upwards. Enterprise: growth comes from business, and the job of local government is to create the conditions for it. Place and identity: England's counties, towns, and parishes are not administrative units to be tidied. Value for money: lower taxes and better services are achieved by councils that are accountable to the people who pay for them.

The main choices. Whether to accept, reverse, pause, or go further than the 2028 map. Whether to back mayors everywhere, nowhere, or only where they meet a Conservative test. Whether local leaders are given absolute discretion on spend, or if some things are ring-fenced. Whether local retention of national taxes should be matched by cuts in those taxes nationally. Whether councillors should be better supported and recognised for governing large, complex organisations, and what the volunteer tradition would lose if they were. Whether accountability goes up to Parliament, down to the electorate, or sideways – to a London Assembly-style scrutiny body, which has limited powers to scrutinise the Mayor, or to the council leaders whose backing a mayor needs on many decisions, as in most combined authorities. . And what, based on Conservative principles, local government is actually for.

The trade-offs. Fiscal devolution rewards growth but can widen the gap between rich and poor areas. Stronger mayors bring accountability and clout but weaken councils and councillors. Better-supported councillors may be more effective, but at some cost to a volunteer tradition. A good Mayor will benefit an area; a bad one will hold it back. In some cases, the functional economic geography of an area means a town with a high-performing local leadership joins forces with a failing city. Each of these has to be weighed against Conservative first principles, and this paper asks you to do that.

Core Questions for discussion

A note on terms: in this paper 'mayor' means a strategic authority mayor: the directly elected mayor of a combined authority or of Greater London. A council mayor, the directly elected leader of a single council, is a different office with different powers, and is covered in the questions on councillors and accountability.

A vision for Conservative local government

1. Starting from Conservative principles, what would local government in England look like? Which functions should sit with central government, and which with different layers of local government?
2. Which of Labour's changes since 2024 should a Conservative government reverse, which should it leave to local choice, and which, if any, should it treat as settled? On what principle should that be decided?

Localism and subsidiarity: how local is local?

3. Once a function is local, where within the local tier should it sit, and what test should decide that: with mayors and combined authorities, councils, town and parish councils, neighbourhoods and community groups, free schools, or families themselves? And what limits, if any, should apply to local-decision making on matters that are delegated to local government?
4. When is a strategic authority mayor the right answer, and when is it the wrong one? What powers should such a mayor hold, and what should stay with councils? Should the responsibilities of Police and Crime Commissioners pass to strategic authority mayors, as Labour intends, or remain separately elected?
5. Where strategic authority mayors do not exist, what should take their place on matters that cross council boundaries, such as transport and skills?
6. What lessons should we draw from devolution in Scotland and Wales, and from the metro mayors Conservatives created, about what works, what fails, and what should never be repeated?

Geography and identity

7. Does England need a uniform structure of local government? If we respect local geography and identity, and refuse to impose change from the top, the map will not be neat and tidy. Is that a price worth paying? How would a varied system work in practice?
8. What role should town and parish councils, and other neighbourhood bodies, play?

Local economic growth

9. What can a Conservative government do to help councils grow their local economies? Which incentives, such as retaining more of the proceeds of growth locally and the freedom to offer local tax relief to new or expanding businesses, would make the biggest difference?
10. Labour's funding changes assume maximum council tax rises and move money away from councils that have grown their tax base and kept bills low. How should

the funding system reward growth and efficiency instead of punishing them, without setting up a system in which rich areas grow richer and poor areas get poorer?

Getting the municipal state out of the way

11. When should local government step back and let enterprise, business, and civil society get on with it? Where is the municipal state doing things that residents, businesses, or charities would do better or more cheaply? How should we allow for local variation, where one area has a thriving voluntary sector and another has very little? And where a charity depends on the council for most of its funding, what accountability should the taxpayer expect?
12. Rewiring the State lets strategic authorities introduce new local charges, such as the Overnight Visitor Levy, while the rates of national taxes stay set in Whitehall. Should local leaders who can raise new charges also be able to lower existing taxes? And when a mayor both runs a service, such as buses, and sets the strategy and funding for it, who holds them to account?

Red tape and unfunded burdens

13. Which national rules, duties, and reporting requirements on councils hold back enterprise or push up local taxes without improving services? What should go? What inspection and regulatory regimes should remain national, and where should local democratic accountability take their place?
14. Where Whitehall places new duties on councils without paying for them, how should a Conservative government stop the bill landing on local taxpayers? How should we think about the role of courts and tribunals have played in expanding the scope of such duties?

Councillors and accountability

15. What is a councillor for? What does local democracy add to the quality of decisions that administration from the centre cannot? How many councillors do we need, and what should their powers be as mayors and strategic authorities take on more of the strategic levers? How should councillors be supported and recognised for governing large, complex organisations, and what would be lost if the volunteer tradition were weakened?
16. Within a council, where should decisions sit: with full council, the leader and cabinet, a directly elected council mayor, or individual ward councillors? The English Devolution and Community Empowerment Act removes councils' freedom to adopt the committee system. Should local people be free to choose between the leader and cabinet model, a council mayor, and the committee system, and is the shift of power from councillors to cabinets and officers over the last twenty-five years one to reverse?
17. How should scrutiny and accountability work where more powers sit with a mayor and cabinet? Should reporting go to Westminster, the electorate directly, more empowered scrutiny committees, a London Assembly-style body, a board of council leaders like in most combined authorities, or another body entirely?
18. Where should planning decisions sit: with national frameworks, councils, or individual councillors? How do we keep local accountability for what gets built while making sure enough homes are built?

19. How should councils be rewarded for building new homes? With the New Homes Bonus abolished, what incentive should replace it so that communities that accept growth see the benefit of it?

1. Context: the biggest change to English government in a generation

What the last Conservative Government delivered

- **Abolished the uniform regional development agencies.** The Coalition abolished the uniform regional development agencies, the regional spatial strategies, and the Government Offices for the Regions. In their place came local enterprise partnerships and, from 2014, combined authorities built up from councils that chose to join them. Conservatives did not impose regional government on any area.
- **Devolution by agreement.** Combined authorities and metro mayors were created from 2014 where local councils asked for them, beginning in Greater Manchester, Tees Valley, and the West Midlands.
- **Reorganised by consent.** New unitary councils in places such as Dorset, Buckinghamshire, North Yorkshire, Cumbria, and Somerset followed local proposals, and in 2010 the incoming Government cancelled the unwanted top-down unitary plans for Norfolk, Suffolk, and Exeter that Labour had pushed through.
- **Gave councils freedom.** The Localism Act 2011 gave councils a general power of competence and protected residents with the right to a referendum on excessive council tax rises. Business rates retention from 2013 let councils keep a share of the growth they generated.

The approach from Labour (Starmer Government): the English Devolution and Community Empowerment Act 2026

Under Keir Starmer's Government, the Act was introduced by Angela Rayner in July 2025 and received Royal Assent on 29 April 2026 after a contested passage through the Lords. Its main provisions are:

- **A new statutory tier.** Combined authorities, combined county authorities, and the Greater London Authority become strategic authorities. There are three categories: foundation, mayoral, and established mayoral. Each step up brings more powers and funding. To reach established status an authority must have operated for at least 18 months, published a local assurance framework, and not be under government intervention.
- **New mayoral powers.** Mayors gain a general power of competence, the ability to call in planning applications of strategic importance, to make Mayoral Development Orders and Development Corporations, and to charge a mayoral Community Infrastructure Levy. The mayoral council tax precept can now be used for all mayoral functions. In 2026-27 only four of the twelve combined authorities with a precept had chosen to set one.

- **Local government reorganisation.** Every remaining two-tier area, twenty-one counties in all, is being replaced with unitary authorities, reversing the structure created in 1974. The process has been marked by shifting deadlines, changing population thresholds, and rival proposals from within the same county, with councils asked to plan for structures whose shape and timetable Whitehall kept changing. Thirty council elections due in May 2026 were postponed to allow reorganisation, and six mayoral elections were also postponed.
- **What the Lords removed.** The Bill as introduced would have let ministers direct the establishment or expansion of combined authorities and impose mayors. Conservative peers led the opposition to these powers. The Government conceded, removing the power to direct establishment and to impose mayors, and committing not to use the residual expansion power for four years after Royal Assent.
- **Areas of competence.** The Act defines the fields in which strategic authorities operate, including transport, skills, housing, strategic planning, economic development, public safety, health improvement, and, following amendment, rural and coastal affairs.

The approach from Labour (Burnham Government): Rewiring the State, 31 July 2026

Andy Burnham became Prime Minister on 20 July 2026. Eleven days later the Cabinet Office published a seven-page statement, Rewiring the State, which sets out the Government's programme. Its central commitments are:

- Every part of England is to have a strategic authority by the end of 2028, with a further wave of authorities established in 2027 and new mayors elected in Cumbria and in Cheshire and Warrington in May 2027 and elsewhere in 2028.
- From April 2027 mayors are to retain a share of business rates. From April 2028 central grants to mayors are to be replaced with a share of income tax raised in their area, so that regions which grow their tax base keep the increased receipts. The Government has confirmed this will begin on a fiscally neutral basis, with grants cut to match (Hansard, 8 September 2026, PQ20385). The detail is to follow in a fiscal devolution roadmap and at the Spending Review.
- A principle of devolution by default: Secretaries of State must justify keeping any function in Whitehall. Mayors are to gain control of 16 to 19 and technical education funding, devolved employment support, buses under public control with integrated ticketing, and, for established mayors, greater control of commuter rail. The threshold for local approval of transport schemes rises to £500 million.
- An Overnight Visitor Levy available to strategic authorities, which Conservatives have attacked as a holiday tax.
- Public service boundaries (police, fire, health) are to be aligned with strategic authority boundaries over the course of the Parliament, and Police and Crime Commissioners are expected to be abolished, with their responsibilities passing to strategic authority mayors or to new police boards.
- MPs are promised a clear role in local accountability, and Local Scrutiny Committees will replace council overview and scrutiny within mayoral areas. The

Government will consider moving arm's length bodies such as Homes England to local leaders.

Two points of scale are worth noting. The fiscal element is far smaller than the headlines suggest, with Centre for Cities estimating the income tax share at around 3 per cent of South Yorkshire's annual income tax and 2 per cent of West Yorkshire's (Centre for Cities, Fiscal Devolution for England). Mayors will be given no power to change the rates of income tax, business rates, or council tax (Hansard, 16 October 2026, PQ29419), even though councils already have powers to offer council tax and business rate discounts; and the income tax share will start on a fiscally neutral basis, with central grants cut to match (Hansard, 8 September 2026, PQ20385). In other words, no power to cut local taxes and no extra money. And every part of England is to have the same structure by the same deadline, whether or not local people want it. Section 2 examines what follows.

The expected sequence

The Government's stated sequence is: business rates retention and visitor levy powers from April 2027; mayoral elections in Cumbria and in Cheshire and Warrington in May 2027, alongside new unitary councils in reorganising areas; income tax retention replacing central grants from April 2028; a further wave of mayoral elections, and the London mayoral election, in 2028; full strategic authority coverage and completed reorganisation by the end of 2028; and public service boundaries aligned thereafter. Almost every date in that sequence has moved at least once already, and readers should expect it to move again.

2. What Labour's devolution means in practice

It is worth setting out the Government's case in its own terms before examining it. The argument is that England is the most centralised large democracy in the developed world, that Whitehall cannot run every place from the centre, and that regional leaders with real budgets and tax bases will drive growth and restore trust. Supporters point to the Greater Manchester model, which the Prime Minister ran for nine years, and to the devolution deals that many areas, including Conservative-led ones, signed voluntarily. Conservatives reply that they have never opposed devolution by agreement; what they have resisted is top-down restructuring being required as the price of a deal.

Conservatives contend that the programme devolves administration but not choice, and that it moves power away from local people rather than towards them. Two episodes from the summer of 2026, and one structural feature of the programme, are instructive.

The Houchen rebate

On 31 July, the day *Rewiring the State* was published, the Tees Valley Mayor, Lord Houchen, said that if Tees Valley were handed a slice of income tax he would create a rebate scheme to give the money back to the workers who earned it, arguing that true

devolution means the decision on where to spend it belongs to locally elected leaders. The First Secretary of State, Louise Haigh, told Times Radio that it was not in mayors' gift to set income tax or business rates. The Prime Minister said becoming a "sort of mini chancellor of the exchequer" in every area was "not on offer". Government sources added that mayors would in any case lack the HMRC data to calculate individual rebates. *The Right Way* draws its own conclusion from the episode: "*It appears that local control only goes as far as those localities doing as they are told."*

Punishing low-tax councils

The new local government finance settlement redistributes funding away from councils that have kept council tax low and towards higher-spending councils, and assumes that every council raises council tax by the maximum allowed. Six councils, among them some of the lowest-taxing in the country, face cuts in central funding so severe that they have been left to choose between very large council tax rises and deep cuts to services, and the party is examining a legal challenge. The mechanism is the point. A council that grows its tax base and keeps bills low is treated as having spare capacity to tax, and funding is moved away from it; a council that has drawn down its reserves and borrowed heavily is rewarded. And when the shortfall is expected to come from council tax, the local politician takes the blame for a decision taken nationally.

The Right Way puts the principle plainly: "*Wherever possible, the person with the discretion should also control the resources needed to exercise it and face the consequences of the decision. If nobody can work out who is actually responsible, the structure is wrong*."

The Burnham model: three tensions

Rewiring the State applies the Greater Manchester model to the whole of England. Its supporters describe it as civic entrepreneurship: a more active municipal state that runs the buses, builds through development corporations, and raises new charges such as the Overnight Visitor Levy. The Right Way starts from the opposite premise, that government creates the conditions for growth rather than growth itself (section 4). Three tensions follow, and members may wish to consider which, if any, Conservatives should oppose outright.

- **Charges up, taxes fixed.** Strategic authorities can introduce new local charges, such as the Overnight Visitor Levy, but the rates of income tax and business rates remain set nationally. A mayor can therefore add to the local tax burden but not reduce it.
- **Delivery and strategy in one office.** A mayor who runs the buses also sets the transport strategy and allocates the funding. Supporters see joined-up leadership; critics see a conflict of interest with no one left to scrutinise it.
- **Power moving up, not down.** Strategic planning, call-in powers, skills, and employment support move from councils to the regional tier. Mayoral development corporations sit awkwardly here: they take decisions away from councils, but some Conservatives, including respondents to the CPF housing consultation, see them as a practical way to get homes built.

Section 4 returns to the question of when the municipal state should act and when it should get out of the way.

3. Conservative principles: localism, subsidiarity, and place

Burke's little platoons

Edmund Burke wrote that to love the little platoon we belong to in society is the first principle of public affections. Conservatives have always understood that society is built upwards from families, neighbourhoods, parishes, congregations, clubs, businesses, and towns, and that the state exists to serve those institutions rather than to replace them – indeed, it was the driving principle behind David Cameron's 'Big Society' policies. Councils can do a great deal to help or hinder those institutions, through how they commission services, make grants, share buildings and land, and use the community rights introduced by the Localism Act 2011.

Subsidiarity: how local is local?

Subsidiarity holds that a task should be carried out by the smallest and lowest competent authority, and that a higher authority should act only where the lower one cannot. Applied honestly, it cuts both ways. Some things are properly national: defence, the tax system, the welfare safety net, and the standards that protect children and vulnerable adults wherever they live. Some things cross council boundaries and need a strategic answer: a commuter rail network, a river catchment, a regional skills market. Many things are properly local: highways, leisure, parks, licensing, the economic life of a town centre, and most decisions on planning and housing, within whatever national framework for housing supply a government judges necessary. And some things should sit below the council altogether, with parish and town councils, neighbourhood forums, free schools and academy trusts, community groups, and with families and individuals themselves.

The policy tensions

The hard questions are at the boundaries. How local is local? Is a unitary council of half a million people local in any meaningful sense? When does a function that needs scale, such as transport or strategic planning, justify a combined authority, and when is a joint committee of councils enough? Labour answers these questions with a single template. Conservatives normally answer them case by case, with a presumption in favour of the lower tier and the burden of proof on anyone who wants to move power upwards.

Who decides: councillors, councils, mayors, and combined authorities

Decentralisation is not only about which tier holds a power but about who within it exercises it. Over the last twenty-five years power within councils has moved from full council to leaders and cabinets, and increasingly to officers. Labour's national scheme of delegation would take this further by removing some planning decisions from elected councillors. Combined authorities move power again, from councils to a mayor and a

board that meets far from most residents. Each step can be justified by efficiency. Each also weakens the link between a decision and someone residents can vote out.

The Right Way cautions that "*devolution is a process, not a solution. Whom you devolve to matters as much as whether or not you devolve.*" Many Conservatives would say that directly elected mayors have a place. In large urban areas with a shared identity and a single economy, such as Greater Manchester, the West Midlands, and Tees Valley, a visible leader with strategic powers over transport, skills, and regeneration has delivered, and Conservative mayors have shown what the role can do. The question is what the right balance looks like, and how far it should vary from place to place.

Geography, identity, and the case against uniformity

Labour's programme assumes that England should be neat: a strategic authority everywhere, unitary councils of a standard size, and police, fire, and health boundaries redrawn to match. England's counties, cities, towns, and parishes are the product of a thousand years of history, and people identify with them strongly. Cornwall is not Cumbria; a market town in Lincolnshire does not have the same needs as a London borough. Some will see that as a feature rather than a defect; others will point to the cost in complexity, confusion for residents, and uneven services. That is the choice Question 7 puts to members.

The lessons of Scotland and Wales

Devolution to Scotland and Wales shows both what strategic government can do and how easily it centralises in its own right (see the Scotland row in the table below). The same risk applies to England's new regional tier.

Comparators: how others handle scale and identity

The comparators below are chosen because each illustrates a question about scale, identity, or where power sits, rather than about local taxation.

Comparator	What they do	Result and caveats
Switzerland (cantons and communes)	Subsidiarity is written into the federal constitution. Around 2,100 communes vary enormously in size and powers, and each canton organises its local government differently.	Shows that a non-uniform map can work in a prosperous, well-governed country. Caveat: a federal constitution and direct democracy make the model hard to transplant.
France (communes)	Around 35,000 communes, many with only a few hundred residents, keep their own identity and mayor, and pool services that need scale through intercommunal bodies.	Local identity preserved without forced mergers. Caveat: the layers multiply, and residents can struggle to see who is responsible for what.
Greater Manchester (mayoral CA since 2017)	Voluntary combined authority of ten councils; trailblazer deal in 2023 with a single integrated settlement; bus franchising; the model on which Rewiring the State is based.	Widely seen as the most mature English devolution settlement. Caveat: built on a strong shared identity and a decade of council cooperation that many new strategic authority areas lack.

Comparator	What they do	Result and caveats
Tees Valley (mayoral CA since 2017)	Conservative mayor since 2017; airport brought into public ownership; Teesworks freeport and development corporation; now the test case for whether devolved revenue can be used to cut taxes.	Shows a Conservative mayor using devolved powers to support a growth agenda, and the limits Whitehall places on local choice.
Scotland (councils)	Devolved government since 1999; council tax frozen for nine years from 2007; local police and fire services merged into national bodies in 2013.	Shows how a devolved tier can centralise in its own right, increasing councils' dependence on grant and weakening local accountability.

Two points stand out. Countries that respect local identity tolerate a good deal of untidiness, and make it work through cooperation between small units rather than by merging them. And a strategic tier, whether a mayor or a devolved parliament, centralises unless something stops it.

4. Local growth

This section sets out the levers available on how local government can make an area a better place to start, grow, and run a business. It does not seek views on the structure of local taxation; the question is about incentives for growth and the burden on local taxpayers.

Rewarding growth

Currently, councils do not keep a meaningful share of the proceeds of growth. Business rates retention, introduced in 2013 and expanded through pilots thereafter, began to do this. Labour's reset of past business rates growth in the 2026-27 settlement takes it away, and its new income tax share goes to mayors rather than councils and cannot be used to cut anything. Question 9 asks how councils, as well as regional authorities, might keep more of that growth, and whether they should be free to offer targeted local tax relief without Whitehall's permission.

Fair funding that punishes success

Section 2 shows the mechanism: redistribution away from councils that have grown their tax base and kept bills low, and a settlement that assumes every council raises council tax by the maximum allowed. The effect is to force bills up everywhere while moving money away from councils that have grown their economies and run themselves well. Question 10 asks how a funding system could protect the genuinely needy while rewarding growth, efficiency, and low taxes instead.

When the municipal state should get out of the way

The Burnham model described in section 2 treats a more active municipal state as the engine of growth. The critique set out in The Right Way is blunt: "*Government doesn't create growth. People do. Business does. Government must create the conditions for*

growth and then, more often than not, get out of the way." Applied locally, the job of a council is to make enterprise easy: fast and predictable planning decisions, land assembled and released, roads that work, town centres that are safe and clean, and a tax and regulatory environment that welcomes investment. On that view, a council that runs something the private or voluntary sector would run better should step back. Others will argue that there are services, from buses to leisure centres, where only the council will act, or some cases – such as homelessness provision – where some council areas have a thriving voluntary sector and others have nothing. Question 11 asks where the line should fall.

Red tape and unfunded burdens

Much of what drives up council tax is not local choice but national instruction. Councils carry statutory duties, reporting requirements, inspection regimes, and procurement rules set in Whitehall, many of them unfunded or underfunded, and new ones arrive every yearMost residents do not realise that the majority of their council tax goes not on the services they see, but on statutory duties set nationally – above all adult and children's social care, support for children with special educational needs and disabilities (SEND), and home-to-school transport. Adult social care alone took £23.3 billion net in 2023-24, and for councils with social care responsibilities, adult and children's social care together now take around two thirds of their budgets. That squeezes the services residents actually see, from bins to libraries to potholes. Questions 13 and 14 ask which of these should go, and whether a Conservative government should bind itself not to place new duties on councils without paying for them, and if so how. The aim of this section is to explore how to reduce the burden on local taxpayers rather than to find new ways of taxing them.

5. Thought leadership and further reading

This section lists existing ideas members may wish to consider and investigate. Inclusion is not endorsement, and Conservative and non-Conservative proposals are listed together so that competing arguments can be weighed.

Conservative positions to date

- The Conservative Lords amendments to the English Devolution and Community Empowerment Bill, and Baroness Scott of Bybrook's support for parish/ town councils.
- The party's pledge to abolish Labour's High Value Council Tax Surcharge, and the CCA campaign against the national scheme of delegation, with which any proposals in this area must be consistent.
- **The Right Way.** The critique of the Burnham model of municipal government drawn on in sections 2 and 4. Conservative Party, The Right Way (2026), especially the Foreword and the chapter 'The Right Way for Government', pp. 31–46.

Sources

- English Devolution and Community Empowerment Act 2026 (c. 23), legislation.gov.uk
- Cabinet Office, Rewiring the State: Cabinet Statement, 31 July 2026; Prime Minister's Office, PM hands mayors share of income tax, 30 July 2026
- Local Government Chronicle, Devolution Act: What You Need to Know, 27 May 2026; Rewiring the State: PM's Top Five Pledges, 31 July 2026; Unpicking Burnham's Devolution Revolution, 3 August 2026
- Local Government Lawyer, The English Devolution and Community Empowerment Act 2026, 7 May 2026
- LGiU, Rewiring the State: Delivering for Local Government, 27 August 2026
- House of Commons Library, Could Andy Burnham Let Mayors Raise More Taxes?, 2026; Adult Social Care Funding in England, CBP-7903, July 2026
- House of Lords Library, Government's Political and Legislative Agenda, 20 August 2026
- Yorkshire Post, Andy Burnham tells Ben Houchen he will not be mini chancellor, 1 August 2026
- IFS, Government Confirms Big Redistribution of Funding, May 2026; Adult Social Care Funding: A Local or National Responsibility?
- King's Fund, Social Care 360: Expenditure, April 2026
- Community Care, Seven Social Services Authorities Allowed Higher Council Tax Rises, 9 February 2026
- Re:State, Re:Imagining the Local State, 2026; The Constitution Society, Can Andy Burnham Really Rewire the UK State?, August 2026
- Hansard, Written Question PQ29419 (Mike Wood), answered by James Murray, 16 October 2026: strategic authority mayors will not be given powers to change the rates of income tax, business rates, or council tax

- Hansard, Written Question PQ20385 (Sir James Cleverly), answered by Emma Reynolds, 8 September 2026: income tax assignment to mayors to begin on a fiscally neutral basis, replacing central grants
- Press reports on the 2026-27 local government finance settlement and the councils facing the largest funding reductions, September 2026