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Funding Local Areas: What do the English public think about changes to how funds are allocated to local government?

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Funding Local Areas: What do the English public think about changes to how funds are allocated to local government?

Findings from a Citizen Engagement workshop

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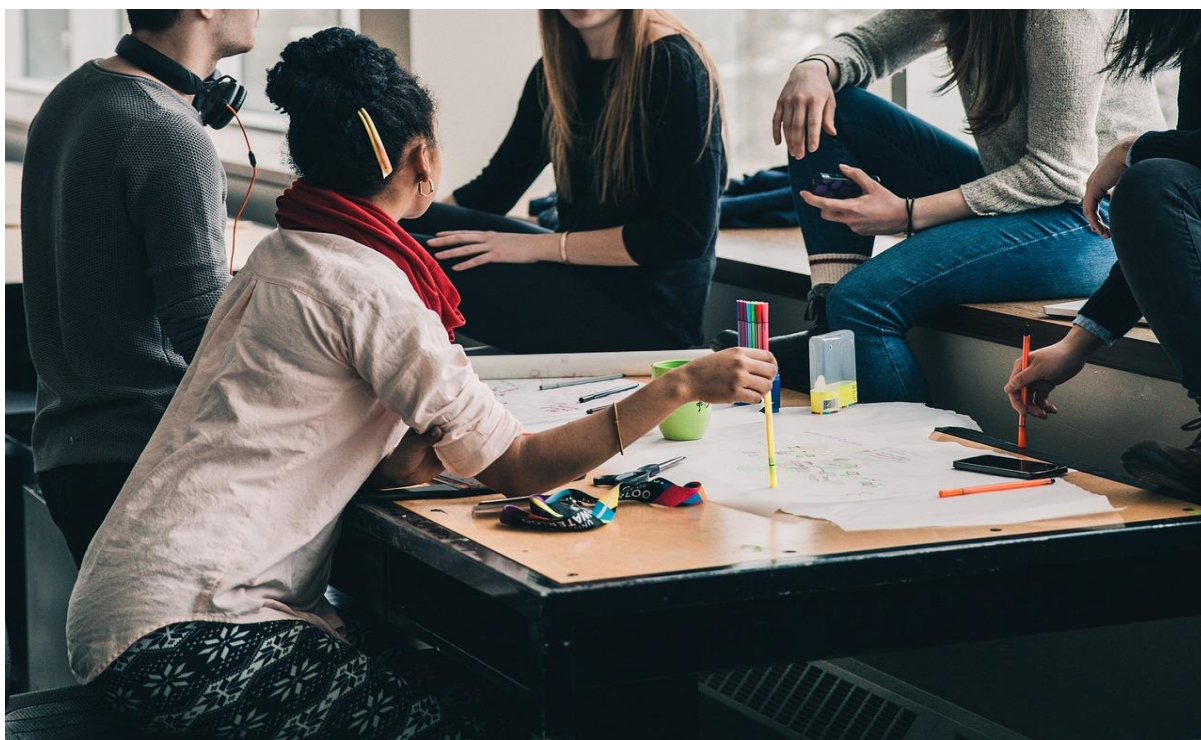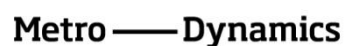
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Executive Summary

The ways in which central government allocates funding to local government to spend on the services and needs of a particular area are the subject of renewed scrutiny in the context of the Labour government's 2024 Devolution White Paper. Here, academic, governance and policy attention is focused on the problems and opportunities for new solutions presented by the prospects of changing arrangements. Our project in particular has focused on how any changing arrangements can better contribute to the reduction of inequalities in place. Using an evidence-based approach and informed by funding allocation archetypes – we developed options for reform along incremental, moderate and radical lines.

To further extend our evidence base – we have also explored what the public think about possible reforms – the subject of this working paper. We[1] did this through convening a day long citizen engagement workshop with 43 people from across England to explore their views on how any potential changes could make a difference to how public money is spent in local areas to be most effective at reducing inequalities. We were also interested to hear how fast and far participants thought government should be going with any reforms. Participants were from a diverse range of backgrounds and geographical areas with and without experiences of devolved public funding and they heard from subject specialists[2] and shared experiences with each other in small group discussions to learn about a complex topic, before using that new understanding to 'deliberate' and make decisions on what they thought should be the way forward.

To support discussions, we translated our reform categories to be more intuitive – and used the language of minor (incremental), middle (moderate) and major (radical) change.

Minor	Middle	Major
Small improvements in things that are already happening	Bigger tweaks to things that are already happening which might also require new ways of doing things	Large and substantial changes which require completely different ways of doing things.
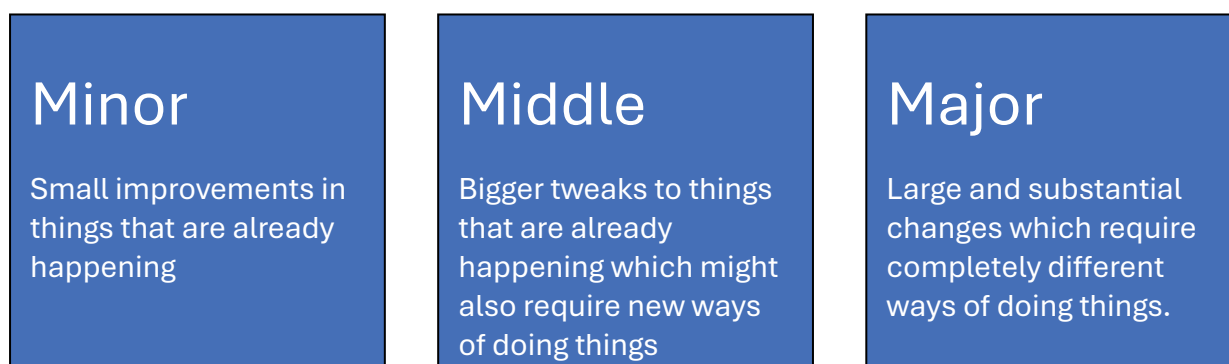
We created a series of scenarios – focused on transport policy – to illustrate the potential characteristics of different funding allocations and some of the trade-offs required in

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[1] This work package was led by the Centre for Deliberation at the National Centre for Social Research.
[2] Covering Funding local government in England; Five problem areas in funding allocations that need a solution; Three transport policy scenarios reflecting different funding arrangements; A high level comparison table of key dimensions of each type of reform.

using them and there was the chance for frequent rounds of Questions and Answers with academic specialists in the room. Participants were also introduced to a high level comparison on different levels of change which considered things like how long they might take to come into being, where decision making for funding would sit and the role (if any) of citizens in such decision making.

At the mid- and endpoint of the workshops, participants were asked to vote for the level of reform they wanted to support. Throughout the day and at these points, they also discussed and noted down key reasons for their selections.

Findings

There was a general feeling in the workshop that 'the way things were done' in the UK was creating issues in lots of key areas and widening inequalities, leaving the need for big change in a 'broken system'. There was a clear sense of demand for major – or radical – change, and a need for long-term policy solutions and a review of the system as whole if these issues were to be stabilised and addressed. Participants brought examples; including in areas with devolved arrangements, of where knife crime, the decline of the high street and housing were the issues they thought most defined where they lived. When considering the role and delivery of funding allocations in this landscape - at the mid-point of the workshop, a majority indicated support for major reforms. However, by the end of the workshop, the majority were in favour of the middle level reform (n=25); major reform (n=17); minor reform (n=1).

Key reasons for these selections were:

- A belief that local authorities should have a greater level of *autonomy* over funding as they were perceived as best placed to respond to local issues. Those supporting the middle were however generally in favour of retaining some *accountability* to central government, as they were seen as having greater *access to expertise* and as easier for the electorate and others to hold to account.

- Central government being seen as having *a legitimate role* in providing a broad, yet unified direction for the country, such that too much local autonomy could jeopardise both the policy objectives of the state and the *cultural cohesion* and exacerbate *economic inequalities* between regions within it.

- While participants were supportive of major change because of the perceived need for long-term policy solutions, this was also seen as *politically unrealistic* and therefore a major drawback to preference. Participants referenced the extant political polarisation in the UK as a risk that newly elected governments could scrap the plans of the prior.

- *Lack of trust* was a theme that cut across all discussions on central-local relations, with many wanting limits on local authority powers, even though they agreed they were best placed to respond to local issues - because of how they viewed elected officials.

Participants' discussions and voting suggests that if people were voting with their hearts – major reforms would have been more fully backed – but yet they voted with their heads at the final opportunity – reasoning that getting on the path to change was more important than waiting for a wholesale transformation to happen. Findings suggest clear support for an increase in fiscal devolution within realistic parameters; and showed where people would judge the balance of trust, accountability and legitimacy in doing so.

There was also consistent engagement and enthusiasm from participants throughout the workshop demonstrating the interest and importance they placed on this topic and their willingness to grapple with complexity and trade-offs in coming to their views.

Figure 1: Visual summary of findings from citizen engagement workshop

Source: Laura Sorvala Illustration (2025)

Introduction

The ways in which central government allocates funding to local government to spend on the services and needs of a particular area are the subject of renewed scrutiny in the context of the Labour government's 2024 Devolution White Paper. Here, academic, governance and policy attention is focused on the problems and opportunities for new solutions presented by the prospects of changing arrangements. Our project in particular has focused on how any changing arrangements can better contribute to the reduction of inequalities in place. Using an evidence-based approach and informed by funding allocation archetypes – we developed options for reform along three main lines:

- Incremental: involving small-scale adaptations, tweaks and enhancements to existing arrangements (e.g. revised weightings for allocation criteria)

- Moderate: comprising medium-scale and appreciable changes and improvements to the existing models (e.g. revised objectives and target outputs and outcomes)

- Radical: involving large-scale and substantial changes and wholly new kinds of models very different from the existing arrangements (e.g. new needs-based and more participatory approaches).

To further extend our evidence base – we also wanted to explore what the public think about possible reforms. Funding allocations is not a topic that has received much if any public input and as shown in Evans et al. (2025)[3], insufficient attention has been paid to the role that citizens and residents can play in decision-making processes on and around devolution. (LGA) puts this down to the fact that '[t]he devolution agenda in England is new and emerging and so too are the approaches to civic and democratic engagement that are being used' (LGA, n.d.c: not paginated[4]). And so, we also wanted to contribute to learning about possible approaches to do so. To engage public views on this complex and technical topic, we selected a deliberative approach – to allow participants the time, information and discursive conditions to reflect on the topic in some depth, consider some of the associated trade-offs and come to an informed judgement on their preferences.

We convened a day long citizen engagement workshop with 43 people from across England[5]; exploring their views on how any potential changes could make a difference to how public money is spent in local areas to be most effective at reducing inequalities. We

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[3] Evans, J, Davies, C & Mutibwa, DH (2025) Public Participation in Policymaking. City-REDI, University of Birmingham. Public Participation in Policymaking
[4] Local Government Association, n.d.c. Approaches to civic and democratic engagement. [online] Available at: https://www.local.gov.uk/topics/devolution/devolution-online-hub/public-service-reform-tools/engaging-citizens-devolution-2 [Accessed 19 Jul. 2024].
[5] See Appendix for full sampling details and approach.

were also interested to hear how fast and far participant's thought government should be going with any reforms.

To support discussions, we translated our reform categories to be more intuitive – and used the language of minor (incremental), middle (moderate) and major (radical) change.

Minor
Small improvements in things that are already happening

Middle
Bigger tweaks to things that are already happening which might also require new ways of doing things

Major
Large and substantial changes which require completely different ways of doing things.
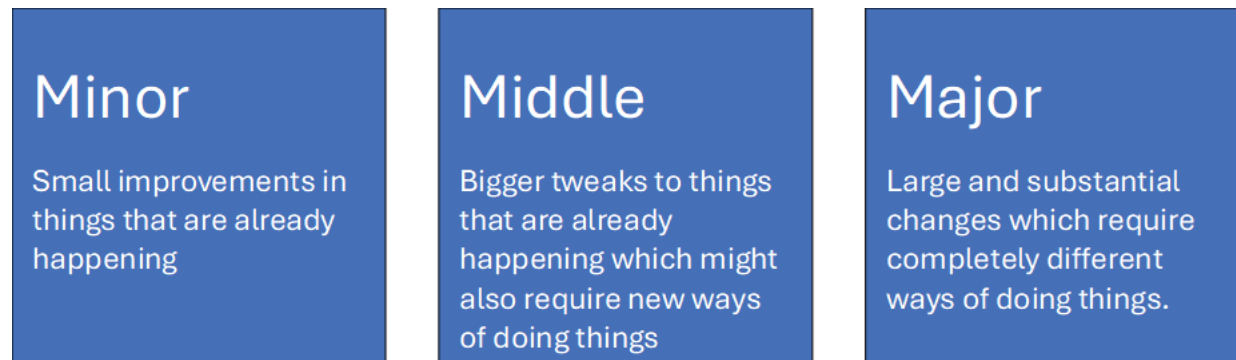
Putting participants in the picture

The evidence explored was generated and presented by stakeholders in our partnership who could offer specific knowledge of this policy area, as well as the live thinking the project had developed on changes in any future arrangements for the public to consider.

Participants received three main inputs:

- *Funding Fundamentals*: introduced how local government is funded in England, and some of the basics of planned reorganisation and Mayoral Combined Authorities.
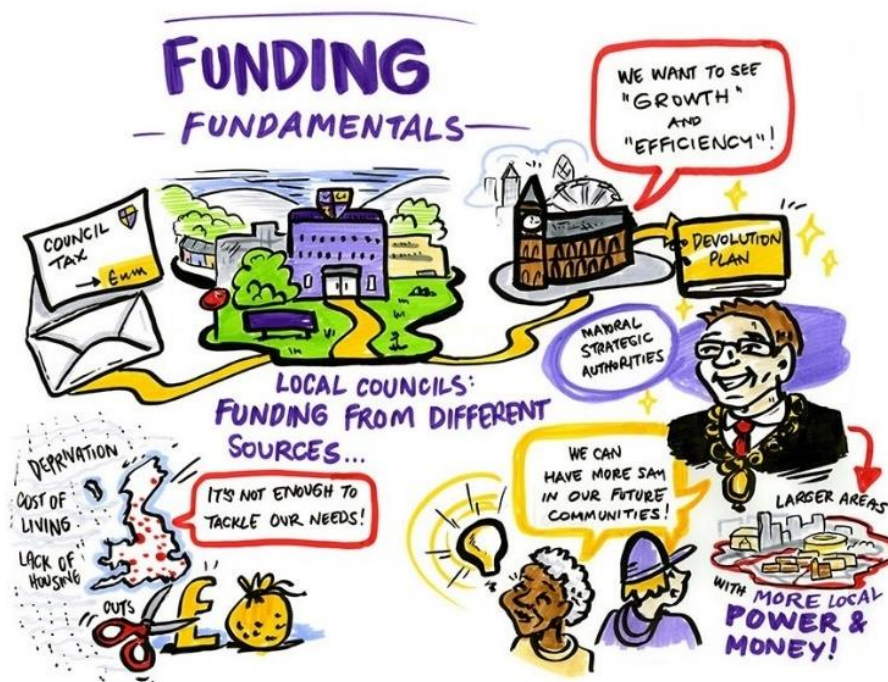
- *Funding problems that need a solution*: outlined five categories of problem with existing funding arrangements.

- *Differences in our selected levels of change*: introduced some top-level differences in the scales of change our proposed types of reform would imply, including the timescales, costs and transparency implied in each.

Consideration	Minor	Middle	Major
Timescales	Quick wins – many processes already in place that could be adjusted almost immediately	Medium Term – some new processes would have to be created which might take up to five years	Long Term – requires whole new systems and legislation which might take up to ten years
Is extra money required to achieve?	No new investment required	No new investment required	Would require extra money and diversion of resources
Levels of decision making	Unchanged	Greater power at the local level	Nearly all powers at the local level
Levels of scrutiny	Unchanged	Mixture of national and local scrutiny	Nearly all scrutiny done at the local level
Citizens input	No formal mechanisms	Some formal mechanisms	Formal mechanisms to involve, decide and hold to account

Method

Our workshop was designed around a single objective that related to the wider project's research questions:

- Explore people's views on how funding allocations could be changed to have greater impact on reducing inequalities including associated trade-offs.

We selected a deliberative approach in order to provide participants with the time, information and discursive conditions needed to engage in depth with the topic. Typically taking place over extended periods, in this case the same design principles were applied to our day long workshop. Material – as described above - is provided to ensure that all participants have access to the same balanced information to inform their views. Trained facilitators[6] supported participants to deliberate this information to ultimately form a view on the questions and policy area at hand. These methods yield insights into people's

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[6] Here our facilitation team was made up of experienced researchers from the Centre for Deliberation plus colleagues from University of Birmingham and Nottingham.

considered views on complex, value-driven issues that often require trade-offs for resolution.

We brought 43 people together on 30th January 2025, in Birmingham. Participants were selected to be reflective of the English population[7] with quotas also set to recruit seven people from areas that already had devolved arrangements.

The workshop was designed to move between plenary sessions – where two subject specialists from our partnership[8] introduced key evidence, and facilitated table discussions, with seven people at each table. Table groups were designed to include a range of demographic characteristic, ensuring a range of perspectives. One of these tables was composed of participants who live in parts of England that already have devolved arrangements. We chose to seat them together for the workshop as they were likely to already be experiencing or have views about the impacts of those arrangements on where they lived, and we were interested to see whether and how this shaped their priorities. Our two subject specialists plus two other academics from our partnership[9] also circulated around tables throughout the day for short bursts of Q+A to support participants to clarify and extend their thinking.

The agenda for participants' discussions were shaped around exploring what priorities people had for the places they lived and the extent to which they thought changes to how services and needs were funded were wanted and needed in order to address inequalities in place. To further support them to deliberate potential changes to funding allocations, participants also worked through three scenarios – focused on transport policy, selected due to its likely impact on most people's lives – to illustrate what different levels of change might mean and how they might decide between the trade offs implied.

Scenarios were designed to introduce people to some different characteristics of funding allocations and how they varied in the autonomy, accountability and level of decision making held by central and local government. They also contained a trade-off focused on the priority for what the funding would help achieve: economic growth or more equal access for everyone to a transport service.

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[7] See the Appendix for a full account of our approach to sampling and recruitment.
[8] Jonathan Davies, De Montfort University and Jon Burchell, University of Sheffield
[9] Charlotte Hoole and Anne Green, City-REDI University of Birmingham

After three rounds of discussion on the three scenarios – we took a snap vote on whether people would prefer to see minor, middling or more major changes to funding allocations in order to address inequalities in their area.

The latter half of the workshop then moved to the implications associated with each scale of change. During their discussions, participants filled out worksheets to outline their views and the workshop concluded with a final vote on their preferred level of change, while noting the reasons for their decision on their worksheets.

Approach to Analysis

This working paper draws on the audio recordings and detailed notes made by facilitators and from participant worksheets. These were organised and subject to inductive thematic analysis, coding the preferences and reasons that people explored in weighing up their views. We then assigned coded data to categories that form the main themes of our findings. We also collated the voting data.

Findings

There was a general feeling in the workshop that 'the way things were done' in the UK was creating issues in lots of key areas and widening inequalities, leaving the need for big change in a 'broken system'. There was a clear sense of demand for major – or radical – change, and a need for long-term policy solutions and a review of the system as whole if these issues were to be stabilised and addressed. Participants brought examples, including in areas with devolved arrangements, of where knife crime, the decline of the high street and housing were the issues they thought most defined where they lived.

There was also consistent engagement and enthusiasm from participants throughout the workshop demonstrating the interest and importance they placed on this topic and their willingness to grapple with complexity and trade-offs in coming to their views.

Preferred levels of change

When considering the role and delivery of funding allocations in this landscape - at the mid-point of the workshop, a majority indicated support for major reforms. However, by the end of the workshop, the majority were in favour of the middle level reform (n=25); major reform (n=17); minor reform (n=1) -see Figure 1.
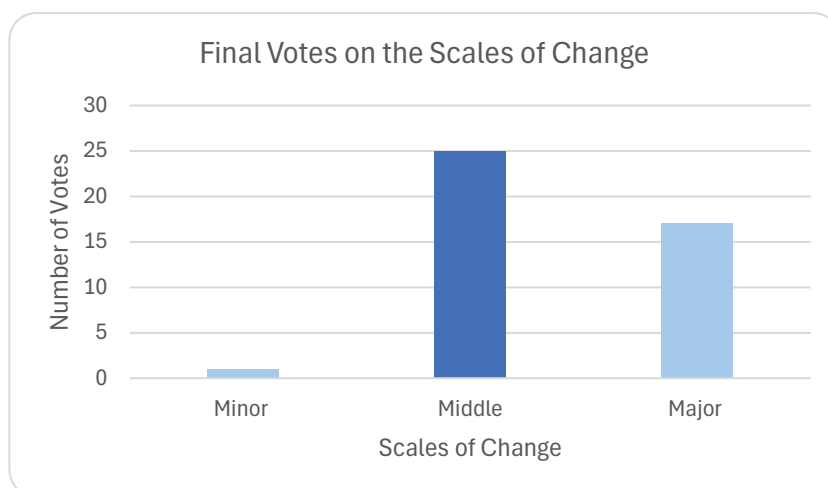
Figure 1. The Number of votes attributed to each level of change in the final exercise of the workshop.

Participants' discussions and voting suggests that if people were voting with their hearts – major reforms would have been more fully backed – but yet they voted with their heads at the final opportunity – reasoning that getting on the path to change was more important that waiting for a wholesale transformation to happen.

Findings suggest clear support for an increase in fiscal devolution within realistic parameters; and the themes reported here show where people would judge the balance of trust, accountability and legitimacy in doing so. There were not great variations in these findings from the affected communities table; if anything, this table started off more clearly thinking major changes were needed – and could share examples of where and how this was working - and did not move from this position throughout.

Accountability/trust

For both middle and major level voters, participants favoured bestowing a greater level of autonomy on local authorities to make decisions related to how money is spent in their local areas. This was primarily because participants perceived local authorities as better placed to respond to the needs of their areas, compared to central government which was seen as diffuse and inefficient. Moreover, some participants reflected on how broader central government initiatives can stand at odds with the needs of local people. Increased flexibility to respond to their *on the ground* knowledge of social need was seen as granting local authorities with the freedom to 'think outside the box' in designing effective and mandated policy interventions.

> *"The government should leave the local authority full control because they know their people more. Even if it takes 10 years for full changes [to be implemented], it will be better for our future."*

<div align="right">Major-level voter</div>

However, for voters of middle level change, a key concern with major level change was the lack of accountability to central government. This was in-part rooted in a distrust of the competence of local authorities to effectively govern their areas to the benefit of local residents. Participants discussed local authorities' limited access to expertise relative to central government as one reason for central government to play more of an oversight role. Further, there was some concern that largely unknown representatives would be harder to hold to account if they were to abuse their position by engaging in corrupt and dishonest activities.

> *"We need a change, but we have to consider bias, corruption and incompetence of the selected local officials; often lacking in expertise and wider knowledge. Accountability is essential when dealing with public funds. Trust should be limited and audited."*

<div align="right">Middle-level voter</div>

There were nevertheless some participants in favour of minimising the extent to which local authorities would need to report how they had spent their budget back to central government. For these major-level change supporters, accountability should instead shift from central government oversight to answerability to the public. A component of major-level change presented to participants was that it would involve the greatest level of citizen engagement relative to the other levels of change. This included granting citizens with formal mechanisms to make decisions and hold local representatives to account. While some oversight from central government was acceptable across the sample, the detail - for certain major-level voters - should be left for public scrutiny.

In line with the widely held view that local authorities can best respond to local needs due to their on the ground knowledge of local social issues, citizen engagement was seen as an instrument to inform policy interventions – especially those which minimise inequality.

> *"This type of deliberative workshop [should be] taken into marginalised communities...this will go towards engagement, making more informed choices in policymaking"*

<div align="right">Middle-level voter</div>

Across the group, participants therefore appeared to hold some level of distrust for all levels of government. A greater level of local autonomy was almost universally supported due to the perceived limitations of central government to effectively respond to local need. However, the key reasoning given for supporting a middle level change (and not a major level change), was that the former would retain a degree of accountability to central government. Opting for increased government accountability to the public too, participants cautiously supported further devolution but with several in-built checks and balances along the way.

Balancing local need with national priorities

While participants broadly supported greater devolution and its associated potential for more radical policy intervention, a core concern was that if changes were too comprehensive, it would have nationally disunifying effect. Participants discussed this in two quite distinct ways: discordance between national and regional policy priorities, and inter-regional cultural division.

For some participants preferring middle-level change, handing local authorities near total control over policymaking in their areas would allow local leaders to pursue their own, potentially quite distinct, political ideologies. This would, it was feared, create an environment where local authorities were at irreconcilable odds with each other and the national state. These participants valued a unified general direction provided by central government, while allowing local authorities a degree of freedom to respond to the needs in their local areas.

> *"[The middle] option...ensures national policy is respected while local views are represented. Residents of local areas get a say in their local policy, without compromising national unity."*

> Middle-level voter

On the other hand, some viewed too much devolution as compromising England's cultural unity. Participants saw a risk in increasing inequality between regions if they were to be allowed to go too far their own way. This, it was believed, would create divisions between the regions of England at a time the nation is in need of greater unity.

> *"[The major] option provides an illusion of total representation of residents, while potentially risking isolating neighbouring areas with vastly different priorities and policies."*

> Middle-level voter

As such, the need to balance local and national priorities was a key driver for middle-level voters. They supported greater levels of local autonomy so that local voices are elevated from their current position. However, this should not jeopardise national policy priorities and cultural cohesion, which they believed should take precedent in final decisions.

Politically realistic goals

Participants also weighed up what scales of change would be realistic to expect. A lack of faith in the UK government to implement long-term reforms was a key driver behind support for middle-level change. Several of those who cited this as a reason for their middle choice in fact saw major change as the ideal, and the potential for more radical policy that would come along with it. However, these participants had significant doubts over whether a political appetite for such change could be maintained over an extended period of time. Doubts to the extent that it was a deciding factor in their final preference for a middle-level change.

During the dialogue, participants were presented with information that estimated middle-level changes would take around five years to implement. Major changes were estimated to take up to ten years. During discussions this proved influential, as participants described their lack of faith in reforms that would take longer than one government term. They were not confident that appetite for major reforms would maintain momentum through changing UK governments - one of the reasons given by the sole minor-level voter. Other participants reasoned that the extant political polarisation in the UK might mean that any new government would scrap the major policies of the last.

> *"I would pick major if the country wasn't so divided. Long-term plans would be scrapped as soon as a new oppositional government came into power"*

> Middle-level voter

Indeed, distrust in long-term projects was more general too. Participants cited HS2 as an example of a long-term project and a long-term failure. It also served as an example to some of how government could not be trusted to spend the extra money needed for major reforms 'wisely'. The lower costs of implementing a middle-level change alongside the scarcity of public resources meant that some participants found the middle-level change a more realistic prospect.

Others believed that the public themselves would not have the appetite for a decade-long implementation – that the idea would essentially run out of steam in the public consciousness.

> *"High risk for high reward! Involves major changes which need long-term buy-in. Ideal but unlikely"*

Despite this, and while many middle-level voters thought changes that would take a long time to implement unrealistic, there was significant appetite in the workshop for major scale changes to how local areas are governed.

Deep problems and radical solutions

Participants, particularly those who voted for major change, perceived the need for radical solutions to a range of issues. On the one hand, participants discussed major-level devolution as a solution to broad societal issues like inequality and poverty. In a more specific sense, they referenced public services including the police, health services, education and social care. The perceived need for radical and long-term changes was a key driver behind why participants supported major-level devolution at the end of the workshop.

Major devolutionary restructuring was seen as an effective response to these issues for two reasons:

1. As above, local authorities were perceived as being in the best position to identify and respond to social problems in their areas.

2. A looser grip from central government over *how* and *when* local governments spend their money was seen as allowing longer-term, more effective investments.

In regard to the latter, participants were provided with information about how local governments are given budgets which need to be spent within a given fiscal year. This was identified as a potential problem with the current structure of how funds are allocated to local areas: that problems requiring long-term investment for resolution – like social care - cannot get it within the current fiscal cycles.

This landed with participants who opted for major-level devolutionary change. They perceived an urgent need for redress by handing local authorities far greater control over how they manage their budgets. This included granting local authorities the freedom to control their budgets over multi-year periods. Participants felt this would lay the ground for long-term, effective policy interventions.

> *"[At] the point where we are standing right now, we need major change! The long-term solutions are [the] only [ones that are] going to work, otherwise we will always be facing the same lot of problems."*

For the same reason, participants broadly felt that minor shifts towards devolution were incapable of producing meaningful change. As one middle-level voter wrote on their worksheet "quick wins won't fix long-term problems". The local authority ought, participants believed, to have the 'power to decide where the money goes', because they are best placed to identify local need.

For those who advocated for minor and middle changes, some reasoned that they constituted a step towards more major change in the future while benefiting from being both politically and financially viable in the present. Minor and middle changes were seen as quick and easy to implement with minimal cost and little need for legislative approval. The participant who voted for minor change reasoned that introducing minor changes first could introduce people to the concept of devolution and therein ease anxieties about more major changes. Others saw middle change as a better first step to major change, because of its relatively greater impact.

> *"Medium-term change can begin the infrastructure/building of solutions to long-term problems ([and] have the chance to show improvement). [However], some problems need more time to fix".*

> Middle-level voter

Conclusion

This workshop highlighted the significant interest and engagement of the public in the topic of funding allocations for local government. It revealed a strong initial preference for major reforms among participants, driven by the perception that the current system is broken and exacerbates inequalities. However, by the end of the workshop, a majority favoured middle-level reforms. This shift underscores a pragmatic approach, where participants balanced their desire for substantial change with considerations of political and practical feasibility.

The workshop demonstrated that participants valued increased local autonomy, trusting local authorities to better address the specific needs of their communities compared to central government. This trust was, however, tempered by concerns about accountability and the potential for corruption or incompetence at the local level. Consequently, the preferred middle-level reform reflected a desire for a balance between local decision-making and central oversight, ensuring both flexibility and accountability.

Additionally, participants expressed concerns about the potential for major reforms to create regional disparities and cultural divisions within England. They emphasised the importance of maintaining national unity and coherence in policy direction while allowing local authorities the freedom to respond to local needs. This nuanced view highlights the complexity of balancing local and national priorities in the context of devolution.

Our analysis also revealed a scepticism about the feasibility of long-term reforms, given the current political climate and historical precedents of failed long-term projects. Participants doubted the ability of successive governments to maintain a consistent commitment to major reforms, leading to a preference for more achievable middle-level changes that could lay the groundwork for future, more radical transformations.

In *summary*, our findings indicate a clear demand for reform in funding allocations to reduce inequalities, with a preference for a balanced approach that increases local autonomy while maintaining accountability and national cohesion. The insights gained from this workshop both help further articulate the policy recommendations for our wider project and ensure that they have been crafted with public sentiment in mind.

Appendix

Forty-three participants were recruited from the NatCen panel – Britain's longest-running random probability panel. Participants were initially contacted by email inviting them to opt-in to the research. These participants were selected for invitation according to their demographic characteristics, and opt-ins were screened by NatCen's telephone unit to ensure that the achieved sample broadly reflected the population of England while overrepresenting typically seldom heard groups.

Table 1. Achieved Sample by Target Demographic Characteristics

Demographic Characteristic	Sub-characteristic	Attended (n)
Gender	Female	22
	Male	21
Ethnicity	Asian or Asian British	7
	Black, Black African, Black Caribbean, or Black British	6
	Mixed or Multiple Ethnic Groups	3
	Other	1
	White or White British	26
Age	18-24	6
	25-29	7
	30-34	2
	35-39	6
	40-44	2
	45-49	3
	50-54	1
	55-59	2
	60-64	2
	65-69	3

	70-74	5
	75-79	2
	80-84	1
	85+	1
Education	A levels or vocational level 3 or equivalent and above but below degree	15
	Degree or equivalent and above	19
	No qualifications	1
	Other qualification	1
	Other qualifications below A levels or vocational level 3 or equivalent	7
NS-SEC	Intermediate occupations	6
	Lower supervisory & technical occupations	2
	Managerial & professional occupations	19
	Not classifiable	4
	Semi-routine & routine occupations	9
	Small employers & own account workers	3

The final sample achieved over-recruitment of young and non-white participants, while lower social groups and education levels proved harder to recruit. As such, those with higher levels of education and those of a higher social group were slightly overrepresented.

To ensure that the workshop included voices with experience of devolution on the ground, the recruitment targeted local authorities which have received levelling-up funding down to the LA level. These participants were assigned to an 'affected communities' table so that researchers could examine whether those from affected areas held any distinctive views.

NatCen supported participants to get to and from the workshop by covering travel costs and other related expenses, hotels for those travelling a long way, and by covering taxis and offering chaperone services for those needing additional support to attend.