

Press Office of the Constitutional Court

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MUNICIPAL SOLIDARITY FUND: OBJECTIONS CONCERNING CUTS
ARE UNFOUNDED. HOWEVER, THE STATE MUST IDENTIFY
ESSENTIAL SERVICE LEVELS, ESPECIALLY WITH A VIEW TO THE
IMPLEMENTATION OF THE NATIONAL RESILIENCE AND RECOVERY
PLAN (NRRP)

It has not been proved that the cuts to the municipal solidarity fund have made it impossible for the municipalities to perform the functions assigned to them. In any case, the delay in the establishment of essential service levels impedes not only the full realisation of the financial autonomy of local government bodies but also the removal of all geographical disparities in the enjoyment of the benefits associated with social rights.

This is the ruling contained in [judgment no. 220](#) filed today (author Angelo Buscema). In this judgment, after carrying out a close examination of the facts, the Constitutional Court ruled unfounded the questions raised by Liguria Region on behalf of the Liguria Council of Local Government Bodies as they had not adequately demonstrated that the cuts to the fund would impede the proper operation of municipalities. The Court observed that the provisions governing the financial framework for local government bodies “cannot be assessed in isolation, but only within the context of the legislation as a whole” and that, in this case, it is important to consider also the resources that have been transferred to local government bodies on account of the COVID-19 epidemiological emergency.

At the same time, the Constitutional Court took a negative view of the “enduring delay by the State in identifying essential service levels which, once enshrined within legislation, will establish the spending threshold required under constitutional law for the provision of fundamental social services” and thus constitute “an indispensable element for the loyal and transparent management of financial relations between the State and local government

bodies”. The individuation of essential service levels not only “constitutes a valid instrument for reducing disputes concerning financial transfers between public bodies (if for no other reason, in order to enable the harmfulness of the cuts imposed to be demonstrated), but is also particularly urgent for the fair and efficient allocation of the considerable resources associated with the National Resilience and Recovery Plan (NRRP)”.

The application also asserted that the criteria governing the allocation of the municipal solidarity fund were unconstitutional on the grounds that they failed to take account of the updated cadastral values for real estate. Regarding this issue, the Court pointed out that “the data presented – both at the hearing held on 24 June 2021 and in the documentation filed – concerning the effects in terms of the ‘shock to compensatory payments’ suffered by around 4,100 bodies as a result of the redistribution of the Development and Cohesion Fund, confirm the existence of critical issues within the distribution of resources among Italian municipalities”.

According to the judgment, these critical issues have not been caused by the contested provision “but are above all the consequence of a factual situation, consisting specifically in the failure to update cadastral values for real estate. In fact, the inequality objected to is a result of this failure by numerous municipalities to update cadastral values, which in practical terms gives rise to irrational differences. Moreover, it has been amplified by the merely horizontal nature reached at one point by ~~of~~ the Municipal Solidarity Fund”.

Rome, 26 November 2021