# Isitfair

# Council Tax Reform

## A non party political nationwide campaign

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## Meeting with the Conservative Party

Wednesday 15 December 2004 at the Houses of Parliament, Westminster

We were pleased to attend this meeting, arranged by the Conservative Party. The topic of discussion was, of course, Council Tax. In the chair was Caroline Spelman MP, Shadow Secretary of State for Local & Devolved Government Affairs. With Caroline Spelman was Eric Pickles MP, Shadow Secretary of State for Local Government and Philip Hammond MP, Shadow Minister for Local & Devolved Government Affairs.

**Caroline Spelman**

**Eric Pickles**

**Philip Hammond**

'isitfair' was represented by Christine Melsom (founder), Albert Venison (DPAF & NPC), Alfred and Una Ridley (Northamptonshire), Terry Mullaney (Surrey), Janet Kelly, David Green, Mike Crossley and Colin Aiken all from Hampshire.

Christine Melsom instigated a lively start to the meeting by inviting Caroline Spelman and her colleagues to agree that Council Tax in its present form is unaffordable and unsustainable. They were called upon to agree that this tax must go.

A highly charged and passionate debate followed. Caroline Spelman responded by saying that the Conservative Party had under consideration a number of proposals for the reform of Council Tax which they were unwilling to divulge at present because it was quite possible that the Labour Party would immediately hijack them as their own. She had considered postponing the meeting until such a time as she could provide us with full details of these proposals, but it had been decided that the meeting would be useful. However, if we wish to reconvene after the proposals are in the public domain, then this would be possible.

Colin Aiken outlined the 'Isitfair' proposal to abolish Council Tax and fund local authorities via general taxation, which would be based on ability to pay.

Philip Hammond said that income is not the only measure of ability to pay. He cited the problem of highly paid and wealthy people, living in multi-million pound mansions with matching incomes, who managed to evade income tax by employing clever accountants. With Council Tax being charged against property, these people cannot avoid it. David Green commented that it appeared that the Conservatives were

prepared to penalise the huge majority of ordinary citizens in order to catch a few overseas residents. We all agreed that there would always be some who managed to evade their tax obligations.

Philip Hammond further explained that Council Tax does have two key benefits; it is easy to predict the revenue income and it is relatively easy to collect.

Caroline Spelman agreed with us that the Labour government has made Council Tax the 'ultimate stealth tax'. However, the Conservatives still believe that a property based tax is the only way to ensure local democracy and accountability. 'You can't hide a house'.

We drew attention to the fact that there were a large number of earners who benefited from the services provided by local government but who did not pay Council Tax. If the burden of Council Tax was spread across all tax payers it would bring the unit cost down. In response, it was claimed that 70-80% of local government expenditure comes from the central government grant, and that these people did contribute indirectly via their income tax. We pointed out that Hampshire's grant only equates to 60% of expenditure.

An earlier assessment by Oliver Letwyn had identified £16-18bn waste in government expenditure. The government's own assessment had identified £20bn. A new and more detailed assessment (the James Review), is being carried out by the Conservatives. £20bn is equivalent to the 2004-05 projection for Council Tax receipts.

A Conservative government would conduct a cull of unaffordable burdens at present placed on local government. This would also include Regional Assemblies. If they required local authorities to take on extra responsibilities, these would be fully funded. In short, local authorities would be properly funded by a Conservative government. This would mean that the cost of Council Tax would be reduced, and that all Council Tax raised, would be for local needs only,

We pointed out that at present, local authorities have very little control over their expenditure as they are to a huge extent dictated to by central government. For example, the Leader of Hampshire County Council has confirmed that he has complete control over only 16% of his total budget.

Caroline Spelman agreed that local government had been emasculated and democracy at local level must be restored. Labour are "centralisers"; Conservatives are "de-centralisers" and want to give power back to local government and to make it fully accountable.

We pointed out that the 'Isitfair' proposal would still allow local authorities to prepare their own budgets thus making them accountable to the local electorate.

Mike Crossley emphasised the need for transparency, which the 'Isitfair' proposal would achieve.

Albert Venison explained that as soon as the general election is announced the NPC plan to issue questionnaires to all candidates asking them what their attitude is towards the reform of council tax. Their members would thus know who to vote for. Caroline Spelman responded by confirming that, if elected, the Conservative Party would be in a position to make immediate improvements to the present system.

Alfred and Una Ridley explained their own predicament and emphasised that the time frame for reform is of paramount importance. There must be no delay.

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Three welcome statements were then made by Caroline Spelman and her colleagues:

- They recognise the pensioner problem but consider means tested benefit is not the way to solve it. It is wasteful and they would scrap it.
- Best Value and Comprehensive Performance System costs £1bn. This would be scrapped.
- The Conservatives aim to reduce Council Tax by up to 80%.

The meeting provided a platform for the greater understanding of each group's policies and concluded affably.

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