

Isitfair

Council Tax Reform

A non party political nationwide campaign

Meeting with the Conservative Party

Monday 10 November 2008 at the Houses of Parliament, Westminster

Present:

Mr Eric Pickles MP	Shadow Secretary of State for Communities and Local Government
Mr Andrew Griffiths	Chief of Staff
Mrs Christine Melsom	Isitfair
Mr Michael Boon	Grey Hairs Ltd, Consultants for Isitfair
Mrs Janet Kelly	Isitfair (taking notes)

1. **Grey Hairs Ltd – Local Democracy?? paper**

Michael Boon went through his paper [Local Democracy??](#) which includes a number of important points with tables of statistics to demonstrate them:

- ◆ Local authority spending is almost entirely determined by central government and, as a result, council tax is largely determined by central government also.
- ◆ On average, less than 4% of total local authority spending is determined by the local authorities themselves. Yet the balance of funding does not represent this.
- ◆ Council tax bears very little relationship to incomes – and the differences are mainly accounted for by differences in central government grants. A very explicit table here demonstrating current winners and losers.
- ◆ Council tax bears very little relationship to council spending – the highest spenders often have the lowest council tax, and vice versa.
- ◆ All this produces a system which is very unfair in which people on similar incomes, enjoying a similar level of services and living in similar properties, pay very different amounts in council tax. Another explicit table to illustrate.
- ◆ A recent survey of the attitudes of Isitfair members showed that, by a majority of more than 53 to 1, respondents agreed that local taxation should only be used to pay for things that are decided locally.
- ◆ The solution seems obvious. We need to match the balance of power with the balance of funding. Either we need to reduce the statutory obligations on local authorities so as to enable them to have a greater say on how their budget is spent, or we need to reduce the level of council tax so as to ensure that all statutory obligations are fully funded. In practice, a gradual move to somewhere between these two positions would seem to be appropriate.

Eric Pickles listened carefully and asked for an electronic copy of Michael's document to be sent to his office. Michael's response to his question re the education grant was that if you take education spending out of the equation, then much more of local spending is funded locally. It is not significantly "fairer" though! Furthermore, with education removed, a higher proportion of remaining expenditure is discretionary so far as local government is concerned, but it still doesn't match the Balance of Funding.

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Eric Pickles had on our previous visits acknowledged that the anomalies in the system, caused in his opinion by its mismanagement by the Labour government, would need to be addressed, but continues to insist that this would take some time to achieve. We accept it would be unreasonable to expect otherwise (however, see Christine's comment below). We believe that a large number of our members now recognise, albeit reluctantly, that neither the Labour Party nor the Conservative Party have any intention of abolishing council tax; and although the Lib Dems may want to get rid of it, it is written into their policy documents (75 and 81) that they are, long term, in favour of some form of property taxation. We also understand that it is unlikely that the Conservatives will unveil any major proposals for reform until nearer a general election. Christine pointed out that our members are looking for an early assurance that the Party are indeed preparing policies which would over time, on the election of a Conservative government, deal with the anomalies and unfairness currently prevalent.

2. Conservative Policy

Our attention was drawn to aspects of recently announced Conservative policy:

- ♦ to freeze council tax for two years by providing central government money to all those councils who limit their increases to 2.5%.

Christine expressed her concern over the time frame suggested by this. She hoped that efforts were being made now to formulate the reforms so desperately needed and to get them up and running with as little delay as possible.

- ♦ to provide funding for those councils that wish to introduce proper weekly rubbish collections, on top of comprehensive recycling services. This funding would be provided by scrapping regional assemblies, unelected quangos and local government bureaucracy.
- ♦ A Councils Innovation Unit (linked to the Localis think-tank) has been formed, led by Cllr Stephen Greenhalgh, Leader of Hammersmith and Fulham Council. Its aim is to put residents first, and provide better, cheaper services. It is proposed that one way of achieving this would be in cross boundary co-operation between local councils identifying areas where resources and expertise could be shared (for example, transport, planning and flood relief).

The Conservative Green Paper, expected shortly, will include suggestions from this new Unit. Eric Pickles said that Isitfair would be provided with a copy of the Green Paper.

3. Other Points

Eric Pickles said that a Conservative government would allow councils, if they so wished, to return to the committee system.

Christine raised over-staffing, and reminded Eric Pickles that Hampshire employs more people than the Royal Navy. She also drew attention to the number of high earners. Eric Pickles was scathing in his criticism of the extremely high salaries paid to Chief Executives; he felt this inexcusable. In his words, it is the members who formulate policy, employees merely implement it.

(Afterthought: but local government is largely told by central government how to spend its money!)

Janet raised the subject of the LGPS. Obviously cause for concern, but Eric Pickles stressed this applied to the civil service as well as local government. He did not suggest a solution.

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Party Conference. Christine requested that Isitfair be given the opportunity to speak at the next Party Conference to be held in Manchester and was assured this could be arranged.

We felt this to have been a useful meeting. Eric Pickles will be happy to meet with us again for further dialogue.