

NEWS RELEASE
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Budget for local renewal

Local democracy think tank the Local Government Information Unit (LGIU) has called for a Budget from the Chancellor that protects local government services, paves the way for longer-term reform in local government, and a boost in participation in local democratic institutions.

The LGIU has highlighted a number of specific measures that could be put forward in the Budget to lay the foundations for a renewal of local democracy in Britain:

- * Treasury support for a Public Service Bill to give financial recompense to employers in a new right to statutory paid leave for council duties.
- * That the Government will match the funding of all participating local authorities in a local government recruitment campaign, similar to the Government's campaign on teacher recruitment;
- * As part of the Government's 'National Grid for Learning', Treasury backing for the establishment of a new dedicated resource to fund training and skills-building for councillors, enabling them to gain relevant accredited qualifications;
- * A review of the current classification of all local authority borrowing as 'public borrowing', so that councils can, for example, raise capital for social housing regeneration and provide the extra choice of a 'fourth option' for tenants in meeting the Government's target for 'Decent Homes' by 2010;
- * Government legislation to create a level playing field between council borrowing and the Private Finance Initiative (PFI);
- * Treasury support for radical changes in the balance between central and local funding of councils, including the return of the Business Rate to local control, that may be recommended after the Government's current review of this aspect of local government finance;
- * A firm indication from the Chancellor that the Treasury will fund any transitional arrangements that may be necessary to protect council funding resulting from the Government's review of the council tax;
- * In advance of more substantial reform of the council tax, the Government should make the income and savings threshold for council tax benefit more generous, so that more of those who are hit hardest - pensioners and people on low incomes - are eligible for help to pay their council tax bill.

Dennis Reed, LGIU Chief Executive, said: "The Budget always provides a platform for the Government to signal its intent on the future of local government and how serious it is about modernisation.

"It is an opportunity to see whether a few years down the line councils will enjoy a buoyant local tax base that helps to deliver the improvements in services that the Government wants to see, or whether we will still be mired in the row over capping.

"The Budget is a good time for ministers to reflect, in the spirit of joined up government, on whether their priorities for the forthcoming Comprehensive Spending Review are compatible with their stated policy aims across a range of public service and social policy issues. "

ENDS

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Notes to Editors

1. Originally founded in 1983 to campaign against the ratecapping regime that was established in the 1984 Rates Act, the Local Government Information Unit (LGIU) is Britain's foremost independent local democracy think tank, campaigning to extend local authority best practice, freedoms and responsibilities. The LGIU is working to influence the debate on local government modernisation. The LGIU and its sister organisations The Education Network (TEN) and the Democratic Health Network (DHN) provide research, policy briefings, information, advice, training and lobbying services to local authority and trade union affiliates. Previous LGIU news releases and statements can be viewed at www.lgiu.gov.uk.