

12 October 2004

**Comment from the Local Government Information Unit on ministers' new council tax capping threats**

Dennis Reed, Chief Executive of the Local Government Information Unit, said: "With the anti-local government spin and threats of capping starting earlier than usual in the annual budget process, a couple of facts need to be recorded.

"Firstly, the Audit Commission and others have found that central government policy has been the main cause of sharply increased council tax bills in recent years.

"Secondly, reforms to make the council tax fairer and relieve the excessive pressure on council taxpayers have been needlessly consigned by ministers to the long grass of yet another review. This will not report until late in 2005.

"Councils are striving to meet challenging targets for savings in their 'back office' functions. With financial reserves depleted in many local authorities, capping would see council tax payers picking up the wasteful and futile cost of rebilling in order to produce often small cuts in council tax bills.

"Unless the Chancellor uses his pre-budget report to close the £1 billion gap that the Local Government Association recently identified in council budgets, buying more time for the reforms that must be in place before the 2007 property revaluation, another unproductive winter lies ahead. Those depending on frontline local services that do not enjoy the protection of Whitehall ring fencing will pay the price of ministerial pre-election posturing - as will the health of local democracy."