

NEWS RELEASE

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### **The cap will not fit**

Local democracy think tank the Local Government Information Unit (LGIU) today attacked the Government's decision to use council tax capping powers against local authorities in 2004/5.

The intention to name, later this month, those councils that will be capped has been stated repeatedly by ministers recently. It appears that a formal announcement will follow within days of this weekend's Labour Party Spring Conference in Manchester.

Dennis Reed, LGIU Chief Executive, said: "Capping undermines the concept of local democracy. Although its use may no longer be universal, it is as crude as ever.

"By deploying Whitehall's capping powers ministers are playing politics with peoples' jobs and services to score points at local government's expense. This is despite the recent findings by the Audit Commission that found central government policy to be the chief cause of council tax increases. This was also confirmed by our own research.

"If ministers proceed with capping, there would be important questions for the Government to answer.

"Firstly, will ministers be as forthcoming in the less popular task of telling the councils they are capping exactly what local services they should now slash?"

"Secondly, where would capping leave the idea of 'active citizenship' if it is ministers rather than local electors who hold councillors to account?"

"Thirdly, what would all the rhetoric about 'new localism' mean when even local authorities rated highly by Whitehall inspection find that they cannot set their own budget priorities without being overruled from the centre?"

"The LGIU will support local authorities in the campaign against capping. It is important for those who rely on local services, and the principle of local democracy, for ministers to end the blame game and get on with the job of reforming local government finance. This is more important than the sterile party political row over central government grant distribution that we will now see leading up to the local elections.

"If the council tax was fairer and councils had a broader and more robust financial base, with most revenue raised locally, ministers would find their dilemmas over capping receding."

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/](http://www.lgiu.gov.uk/).

2. Dennis Reed, Chief Executive of the LGIU, will be available at the LGIU exhibition stand (Stand 75) at the Labour Party Spring Conference in Manchester, or can be contacted on 07860 381038.

3. A PDF version of Settling the Account - Local Government Funding Investigated, published by the LGIU in January, can be downloaded from [www.lgiu.gov.uk/pdfs/downloads\\_pdf/Funding.pdf](http://www.lgiu.gov.uk/pdfs/downloads_pdf/Funding.pdf). This research highlighted the long-term trends that caused the council tax crisis and the longstanding underfunding of local government services.

4. The Audit Commission's December 2003 report into the causes of the council tax increases in 2003/04 can be downloaded from <http://www.audit-commission.gov.uk/Products/NATIONAL-REPORT/2301C12C-A495-4C17-AA67-1813C49D48EC/CouncilTaxIncreasesReport.pdf>.