

## Veto for residents on council tax hikes

In a speech today to the Young Foundation, David Cameron will call for more power for local government and less interference from Whitehall. This will include scrapping Whitehall capping, and giving local residents new powers to stop high council tax rises.

### Key Point

**Conservatives will give local residents the power to veto council tax hikes, by requiring local authorities to put any proposed large increase to the people in a local referendum.**

### Background

Under Labour, the large hikes in council tax every year since 1997 have made it one of the most unpopular taxes in Britain. The answer is not to replace one local tax with another, but to address these yearly hikes in local taxation.

Greater discretion on local spending by councils must be accompanied with greater local accountability. The highest increases in council tax under Labour have come from the unelected or regional authorities. Crude capping from Whitehall is not the answer, as it blunts local democracy and allows irresponsible and badly-run councils to escape proper scrutiny.

- **Council tax has soared across under Labour:** From 1997-98 to 2007-08, bills rose by 92 per cent across England, taking the average Band D bill from £688 to £1,321. In Wales, Band D bills have risen by 103 per cent - and Labour's council tax revaluation has pushed one in three homes up a band on top.
- **Conservative councils cost you less:** Despite Labour fiddling the system of local funding, Conservative councils still have the lowest council taxes. As Professor Tony Travers has commented, 'council tax in Conservative authorities is, on a like-for-like basis, lower than in Labour and Lib Dem areas' (*Daily Telegraph*, 19 April 2007).
- **Livingstone costs you more:** Unelected and regional authorities have inflicted the biggest hikes in council tax. Ken Livingstone's levy on London council tax bills has almost trebled under his administration, rising from £123 on Band D in 2000-01 to £304 in 2007-08 (£284 without Olympic precept).

### Conservative approach

David Cameron will say, 'in the 1980s, the Conservatives devolved power and responsibility to individuals – reductions in tax, sale of council houses, an extension of share ownership. The challenge for us today is to devolve power to communities, to institutions – both to independent institutions and local councils... From state control to social responsibility. From bureaucratic accountability to democratic accountability.'

As one step towards Conservative plans to strengthen local democracy, we will let local residents stop unwanted high council tax increases, by requiring council tax referendums for high increases.

Any precepting authority that wanted to introduce high council tax rises (above a set limit) would have to submit their plans to a local referendum. The authority would have to explain to local taxpayers why they wanted to raise taxes by so much and they must show what they would do – a shadow budget – in the event of their plans being rejected. Council tax referendum ballots would be sent out with the annual council tax bill – and if people voted against the high rise, the rebate would be credited to them at the end of the year (to avoid the cost of re-billing).

In addition, Conservatives will:

- Relieve councils of the unfunded burdens, regulations, inspection and red tape that have forced up council tax. We will decentralise and deregulate.
- Give councils more freedom and discretion to fund their local priorities – not Whitehall's. We will end the ring-fencing of local authority budgets.
- Give power back to local people, such as through the abolition of the unelected and unwanted regional assemblies, allowing more local discretion on planning and licensing, and introducing directly elected police commissioners.
- Scrap Labour's ongoing plans for a council tax revaluation, and abolish council tax inspectors' rights of entry into people's homes.

## Liberal Democrats

Liberal Democrats' proposals for local income tax would undermine local accountability, since bills would be issued by Inland Revenue rather than the town hall.

Local income tax shifts the burden onto working families – robbing Peter to pay Paul. Under Liberal Democrat plans for local income tax, a typical working family in England would pay £659 more a year, with a LIT bill of £1,760 in 2007-08. Merely replacing council tax with another form of local tax would do nothing to address the causes of year-on-year increases, but just lead to ever-rising levels of income tax.

## Template press releases

A CRD template is available on Conservative plans to cut stamp duty for first time buyers, with new local figures. The template is available for MPs, PPCs and associations without Conservative MPs. Other activists may wish to adapt it for local literature.

The template can be downloaded from the CCHQ Resource Centre (password required):

[http://www.conservatives.com/tile.do?def=resourcecentre.document.page&obj\\_id=140313&class\\_id=PRTEMPLATE](http://www.conservatives.com/tile.do?def=resourcecentre.document.page&obj_id=140313&class_id=PRTEMPLATE)

Another template is available on Government plans for new bin taxes which threaten to harm the local environment; it includes new local figures on the rising level of fly-tipping.

[http://www.conservatives.com/tile.do?def=resourcecentre.document.page&obj\\_id=140143&class\\_id=PRTEMPLATE](http://www.conservatives.com/tile.do?def=resourcecentre.document.page&obj_id=140143&class_id=PRTEMPLATE)

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