

Please reply to the London Office

new Labour
for Britain

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Caroline Spelman MP
House of Commons
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21 January 2009

Dear Caroline,

Re: Conservative Position on council tax

I am writing to ask you to clarify the Conservative position on council tax.

First, David Cameron recently made a pledge to cut £5 billion from public expenditure in 2009/10, including government advertising.

Andrew Marr: We're talking about £3.7 billion...
David Cameron: No we're not actually, we're talking about £5 billion.
Andrew Marr: Well £5 billion, even bigger. That's a lot of money and I put it to you that there would be more credibility if you could tell me and tell people watching the kinds of things that you will have to cut or not go ahead with to make that kind of saving.
David Cameron: Things like identity cards, things like the government's advertising budget. These are things you can definitely do.
(Sunday AM, BBC1, January 11 2009)

But the money from the government advertising budget has already been committed to the promise to freeze council tax that George Osborne made at the last Conservative conference:

"The whole country is having to tighten its belt and save money. So too should their government. In the private sector when times are tough you take out the overheads. The consultants are sent packing and the advertising budget is cut. Government should do the same. We are going to put caps on Labour's wasteful consultancy and advertising bills so that we can make this announcement to you, today."

(George Osborne, Conservative Conference Speech, September 29 2008)

Not only would cutting "advertising bills" – such as the fire kills campaign and army or teacher recruitment – have detrimental effects in and of themselves, you appear to have spent the money twice over.



Can you confirm that the recent announcement on cutting £5 billion means you have abandoned your policy on council tax freezes? If not, can you explain how you intend to pay for it?

Secondly, David Cameron's commitment to cut £5bn from public expenditure included a new policy to restrict the growth of the budget of my department - Communities and Local Government - to a 1 per cent real terms increase for 2009/10.

"...maintaining the government's spending plans for the NHS, schools, defence and international development, but restricting other departments to a 1 per cent increase in real terms"

(David Cameron, speech on spending plans, 5 January 2009)

"Now what I would do, let's say there's an election April this year, I'm free, election April this year, I'd immediately instruct my ministers to go into their departments and say instead of the increase of perhaps 2% real terms you're expecting, it's a 1% real terms increase"

(David Cameron, Press conference, January 5 2009)

This policy would mean cutting £240 million from the Formula Grant paid to Local Government this year. The three year settlement for local government funding, running from 2008/09 to 2010/11, provides local councils with the certainty and flexibility they need to help local communities weather the current economic turbulence. David Cameron's policy seems to remove this certainty just when councils need it most.

Moreover, the cut of £240 million in council funding would inevitably mean that councils, in turn, need to cut local services or increase council tax bills by an extra 1 per cent to pay for the missing millions. Both cuts in services and an unnecessary rise in the council tax bills would hurt families at a time when they need real help from their government.

Can you confirm that David Cameron's announcement means you would reopen the local government funding settlement in order to cut it by £240 million? Do you agree that this would either mean increasing the council tax by an extra 1 per cent or forcing local councils to themselves cut much needed services?

I have released a copy of this letter to the media.

Yours sincerely,



Hazel Blears MP

Secretary of State, Communities and Local Government