Open Letter To Chancellor Calls For Government To Back Localism And End The Freeze Grant

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In an open letter ahead of the Autumn Statement, CIPFA Chief Executive, Rob Whiteman has called on the Chancellor George Osborne to live up to the coalition's initial commitment to localism with a series of measures to support local authorities to innovate and support local growth.

In the letter Rob Whiteman calls on the Chancellor to back localism and end the hobbling of councils with three simple measures.
Ending the council tax freeze grant (which currently costs councils over £2bn a year) and allow local authorities to set their own council tax rates.
Establish an independent grants commission into local government funding to ensure that funding is distributed according to need.
Allow those local authorities that want to do so to build more housing, helping to tackle the housing crisis and lower the benefits bill.
In the letter Rob Whiteman said:

"CIPFA is calling on you to think differently about the challenges that the public sector and the country as a whole face. If we can truly support localism, giving freedom to local authorities to innovate and support local growth we will see the fruit of a new, more active and diverse local government serving and accountable to their communities.

"If your Government can start to trust and support local government and live up to your initial devolutionary promises we will see communities and those that lead them start to build a Britain ready for the global race, a country that thinks and acts locally but performs and grows globally."

- Ends -

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Notes to Editors:

The text of the letter can be found below or on the Public Finance website here:
http://opinion.publicfinance.co.uk/2013/12/an-open-letter-to-the-chancellor

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Dear Chancellor,

In the run up to Christmas you face a challenging period before relaxing and looking forward to the festivities. As we approach the end of the year, you do have much to celebrate with the UK returning to growth after a long period of bumpy progress, and the recent successful trip to China, selling the UK as a global brand. We at CIPFA specialise in sound public finances so, despite these improvements and successes, we understand that you cannot throw caution to the wind.

No doubt it will be tempting as May 2015 approaches to be more overtly political and start to offer small incentives across the country and the economy.

However, those of us who work in public finance recognise that the size of the deficit and the scale of the challenge ahead are still truly daunting. If we are to reduce the deficit we must continue to make tough choices about how and where we spend public money. But we must also be intelligent in those choices and look to encourage new approaches, innovations and strategies to tackle challenges old and new. For the profession I represent, we believe the opportunity remains 'how well' rather than 'how much'.

One of the opportunities that had initially offered promise was the coalition's commitment to localism and

the devolution of power to drive growth. Unfortunately, over time this commitment seems to have faded and local government has, instead, been hobbled by a series of measures that restricts its ability to act independently.

With the Autumn Statement approaching, I want to ask you to take the opportunity to live up to the government's early promises on localism and devolution and, in doing so, help to support local authorities as they look to drive growth and innovation. There a number of ways that you could do this.

CIPFA figures show that the council tax freeze grant has meant that the income generated from council tax will be more than £2.2bn lower in 2013-14 than if it had been allowed to increase over the last three years at the average rate over the five years before this government came to power. If the freeze grant continues into 2014-15 that figure will have grown to £3.2bn lost to local authorities or a 13% cut in the value of council tax income before adjusting for inflation.

If you are serious about localism, the government must stop eroding the value of the local tax base in this way and end the council tax freeze grant, allowing authorities to set their own rate. Localism must mean that local authorities are accountable at the ballot box for their decisions and free from this continued Whitehall interference.

The Audit Commission recently showed that the biggest cuts to funding for local government had fallen on the most deprived authorities. Many in government would argue that this is because they received the most under the previous administration and that this is just a redressing of the balance.

This to and fro between governments is helpful to no one and only exacerbates the challenges faced by authorities across the country. We must end this political seesaw in Westminster, which can often seem to twist local government funding to suit the needs of the governing party.

Instead, we're calling upon government to establish an independent commission into local government funding that would advise government openly and on the public record on grant formulae and distribution arrangements.

One of the biggest challenges that the UK faces is good, quality, affordable housing. You have been very active in this area and in trying to support those seeking to buy a home. Demand, it seems, is no longer the challenge within the UK. Indeed, as house prices start to grow, the biggest issue we face is the age-old problem of supply of housing.

For more than a generation one of the biggest suppliers of housing in the UK was local government - it provided almost half of all new housing in the country. Right to buy and changes to local authorities' powers ended this. Across the country, many families now live in rented private accommodation of a lower quality than much public sector or housing association stock but for a higher price, and this is paid for by the state through housing benefit.

If you made the decision to remove the blockages in the system to local authorities building new housing, it would boost the economy, cut the welfare bill and help towards resolving the housing crisis in the UK. By thinking differently about the housing problem and letting those local authorities looking to build housing do so, as they have done in the past, there could be a sea change in the housing challenges that we face.

As we approach the Autumn Statement and the winter break, CIPFA is calling on you to think differently about the challenges that the public sector and the country as a whole face. If we can truly support localism, giving freedom to local authorities to innovate and support local growth, we will see the fruit of a new, more active and diverse local government serving and accountable to their communities.

If your government can start to trust and support local government and live up to your initial devolutionary promises, we will see communities and those that lead them start to build a Britain ready for the global race, a country that thinks and acts locally but performs and grows globally.

Yours,

Rob Whiteman

About CIPFA:

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in

public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed. As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients. Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services. This includes the development of local professional qualifications in African countries like Lesotho and Nigeria and in Europe in post conflict states in the Balkans.

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