



Council Leaders of English Local Authorities

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Dear Councillor,

### **Council tax for 2012-13**

I am writing to you ahead of the budget debates that you will be having in the next few weeks.

As I am sure you are aware, the Coalition Government is making up to £675 million of additional funding available to English local authorities that do not raise their basic amount of council tax in 2012-13. We are making this offer since we want to offer real help to hard-pressed families with their cost of living. Council tax bills are already £1,439 a year on an average Band D bill: this is £120 a month from people's post-tax pay packet or pension.

We appreciate very much the considerable efforts that local authorities have been making to help tackle the budget deficit that we inherited from the last administration. Reducing the deficit and securing the confidence of the markets is vital to ensure economic stability and promote long-term economic growth. European countries which have been unable to tackle their deficits, such as Italy and Greece, are now paying the price – and are facing far larger cuts to their local government budgets than the savings being made in our country. One illustration of the benefits of our nation's approach is that interest payments for mortgages are currently the lowest as a proportion of total income since records began.

From the moment it took office, the Government has been clear about its wish to see council tax frozen, and has striven to do it in partnership with local authorities. Council tax in England has risen so much over the last decade and more that it represents a real burden on families.

We worked closely with you to deliver a council tax freeze across England last year which was greatly appreciated by local taxpayers. The Government's ongoing grant support for councils that froze council tax in 2011-12 will be a key consideration in funding for local government at the next spending review.

In October 2011, the Chancellor signalled the Government's intention to continue its support for local taxpayers, by committing to a second council tax freeze scheme. I am very pleased to note that over half of all councils have

already publicly signaled that they intend to freeze their council tax for 2012-13. I would strongly encourage all councils to sign up. I appreciate that savings this and next year will have to be made to help achieve this – but this is also an opportunity for councils to reform, restructure and innovate, and lower your spending base permanently.

As every family in the country is counting their pennies and pounds, there is a strong moral case for the freeze. I know you feel a strong responsibility towards your local government staff. Given your workers face pay freezes – and in many cases, an increase in pension contributions this year – freezing their own council tax bills will directly contribute to their welfare and their families' standard of living.

From my time serving as a councillor, I know the public service ethos is at the heart of local government. Local authorities now have a significant opportunity to show they are supporting the general well-being of their residents in tough times, by keeping bills down for local families.

I believe freezing council tax is a public service in itself: a public service act which your local residents will greatly appreciate, both now and in the months ahead.

I would be grateful if you could pass this letter on to your elected members ahead of them exercising their democratic duty in determining this year's council tax bills. I am also copying this to your local Member(s) of Parliament.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Bob Neill', with a large, stylized initial 'B' and a long, sweeping flourish extending to the right.

**Bob Neill MP**

**Minister for Local Government**