

Briefing Note

THE LOCAL ELECTIONS

ml No. 15
21.4.82.

On 6th May voters go to the polls to elect councils in London Boroughs, Metropolitan Boroughs, Metropolitan districts, some English non-metropolitan districts and the Scottish Regions. Despite the concentration of public interest on affairs overseas, these elections are important because of the scale of local Government spending, and the impact which it can have on the whole economy.

Responsible Local Government. It is vitally important that local government reacts in a responsible manner to the Government's call for public sector economies. We can have little confidence that Labour, Liberal or Social Democratic councils will approach the problems of budgeting with any care for the national economy or any thought for the pockets of their ratepayers. They are all committed to high spending. Most SDP councillors have in the past run high spending councils.

Mr. Tom King, Minister for Local Government, has said:

"The responsibility (for large rate increases) lies with the local authorities who believe that their mandate, however narrowly won or flimsily based, gives them the right to spend other people's money without regard to the hardship that is caused. This is not a nationwide problem. Happily in many areas there are Conservative councils which have a responsible attitude to public spending. The bad news is going to come in those areas where last year the Labour Party won control of the county councils or where Labour and Liberal groups have made a deal to force through rate increases against Conservative opposition" (Harrogate, 27th March 1982).

Rate Increases 1982-3. In the ten English shire counties controlled by Labour the average increase in their rate precept this year is over 30 per cent with Humberside calling for a 61 per cent increase. By contrast the 19 Conservative-controlled shire counties have levied rate precepts where the average increase is 11 per cent. In the counties where no Party has control, Labour and Liberal groups have made deals which have resulted in a 27.5 per cent increase in Berkshire, a 34 per cent increase in Bedfordshire, and a 32.5 per cent increase in Cheshire.

In London the situation is far worse. Even without the level of fares subsidy Labour originally proposed, the GLC is demanding an increase of 91 per cent in its rate precept. In Labour-controlled London boroughs matters are worse still. Just compare the rates of the neighbouring boroughs of Lambeth and Wandsworth. In 1982-3 Labour-controlled Lambeth's rate collected for its own borough services is to be 61.25p in the £ compared with 7.75p in the £ in Conservative Wandsworth. The Lambeth rate is eight times the size of that in Wandsworth. The reason for the difference is that Lambeth's spending is far higher than Wandsworth's. In 1980-81 Lambeth spent £341 per head of population while Wandsworth spent £235 per head. In December 1981 Lambeth employed 30 staff per thousand population while Wandsworth employed 19 staff per thousand.

Conservative Initiatives to Increase Efficiency. Wandsworth has been able to reduce its costs because the Conservative leadership have sought ways of cutting costs. Already street cleaning has been put out to private contract. Dudley Council in the West Midlands has called in private consultants and has identified savings of over £9 million over a 5 year period. These Conservative councils have been among the pace-setters in the drive to find economies by reducing waste and inefficiency rather than cutting services.

Help for First-time Home Buyers. Conservative councils have also made a major contribution to the expansion of home ownership through the sale of council houses - over a quarter of a million houses have already been sold to tenants since the General

Election and another half a million right to buy applications are in the pipeline - and through other measures to assist first time buyers. These include the sale of land for starter homes; building for sale; shared ownership; improvement for sale; and homesteading, where councils help people to buy and improve dilapidated homes.

A Boost for Home Improvement. The Chancellor announced in the Budget an extra £100 million for home improvement grants. The rates of grant for essential repairs and basic amenities will be increased to a maximum of 90 per cent of the cost for applications received before the end of 1982. On 21st April Mr. John Stanley, Minister of Housing, announced the allocation of improvement grant money to local authorities. Jobs in the construction industry will benefit from this extra money as well as from the reduction of interest rates and the general improvement of the economy.

Developments in the Economy. Recovery from the recession is now well under way. For the first time for many years, the prospect of that recovery being sustained is very real. The spectre of rising inflation and balance of payments crises, which has dogged the British economy so often in the past, no longer haunts us.

- British industry is becoming much more competitive. Productivity (output per man hour) rose by over 8 per cent last year. Coupled with moderation on wages, this limited the rise in unit labour costs to only 2.6 per cent - less than in most competitor countries.
- Wage moderation continues. 88 per cent of the respondents to the latest 'Financial Times' business opinion survey expect single figure settlements next year.
- Inflation is coming down much faster than expected. Some commentators expect the year-on-year increase to be down in single figures within a few months.
- Government measures are aiding industry. The National Insurance Surcharge has been reduced; help is available to large energy users; small business has benefited from a host of special measures; and help is being made available for innovation in industry. But firms cannot sustain or create jobs if their rates burden is too high.

Rates and Jobs. The serious effect of rate increases on industry was spelt out by Mr. Patrick Jenkin, Secretary of State for Industry:

"Rates are now the biggest single tax paid by industry. They are a direct cost on industrial firms and affect their ability to compete in the market just as surely as any other cost. Labour authorities destroy far more jobs by rate increases than they can conceivably create by direct support for employment" (London, 13th March 1982).

Voters in the local elections cannot ignore the fact that a vote for Labour, Liberal or SDP candidates is likely not only to increase the cost of their household rates but may well destroy their jobs as well.

Further reading: Politics Today, No. 3 LOCAL GOVERNMENT (15 February 1982)
No. 5 TRANSPORT (15 March 1982)
No. 6 THE BUDGET (29 March 1982)
No. 8 HOUSING and LOCAL GOVERNMENT ISSUES
(12 April 1982)