

PRESS STATEMENT: LIVERPOOL'S RATE FOR 1984/85

Following the decision taking^{en} this afternoon by Liverpool City Council, the Secretary of State for the Environment, Patrick Jenkin stated,

"For the past 2 days the Labour Group on the Liverpool City Council have tried to con the public into believing that they have won a great victory. In fact, they have had to eat their words. Let me show how their policy of confrontation and blackmail has failed.

In May they offered the electorate a fraudulent prospectus - a growth budget of £261m and a rate increase of only 9%. This would have left a huge gap of £164m which, they said, the Government would have to fill if services were not to crumble. They have now resolved to accept a budget of £223m with a district rate increase of 18%. None of this reduction of £38m is financed by special concessions from Government.

The Council demanded major concessions. They asked for special treatment on Rate Support Grant, they did not get it. They asked for favourable decisions on their target, on penalties and disregards. They got none. They sought an increase in their housing allocation for 1984/85. They did not get it. They are being treated no differently from any other council in England.

Under the system of penalties for overspending, any authority which had planned to overspend as much as Liverpool but which in the event reduced its net expenditure automatically has the penalties reduced, and so, equally automatically, gets more grant from Government. No special privilege in that! Liverpool has now cut its spending plans and the penalties will therefore be far less.

Liverpool City Council have reduced their expenditure

- (i) by cutting out a proposed £7m handout - a decoration allowance - to council tenants;
- (ii) by charging to capital account around £14m of expenditure previously charged to revenue;
- (iii) by making technical financing changes of around £20m

All these steps, which reduce net expenditure over 2 years by nearly about could have been taken by the Council itself at any time. They did not require any special action or agreement by Government.

The Council have also taken account of the following items:

(i) Liverpool claim to have secured an extra £2.4m for schemes for which urban programme support might have ended in 1984/85. They assumed the worst case in their original budget proposal. They had already been told that there might be scope to accommodate these within their provisional Urban Programme allocation, and in the event this proved possible. In effect this item artificially inflated their original budget;

(ii) similarly the £0.5m they expect to receive in respect of environmental works in General Improvement Areas and Housing Action Areas represents money they failed to claim in the past. This is not extra money;

(iii) the £1.1m they expect to receive as a result of a relaxation of the housing subsidy arrangements for demolished dwellings and related demolition costs is not a special concession to Liverpool. The Department had been considering its policy for some time, and the change applies to all

authorities in receipt of subsidy;

(iv) this leaves the modest addition of £2.5m, from within my Department's total budget, to the City's Inner City Partnership Programme which had not been settled, and which the Council might have gained in the course of normal Partnership discussions in view of the genuine problems the City faces.

Liverpudlians may well ask why it was necessary for the Council to take the City to the brink of bankruptcy? Why did the Labour Concillors deliberately create such unnecessary anxiety among the many thousands who depend on the Council's services and among their own staff? Every reasonable person will be thankful that common-sense has finally prevailed. The months of political posturing over the budget, and the serious worries which this caused need never have happened. It has done nothing but harm to the City and its prospects for attracting and retaining investments and jobs.

The City's problems are certainly not over. They must now look to all the resources at their disposal to tackle them - the private sector, the local communities, the housing associations. They must look to the sale of assets, in particular City Centre freeholds, to boost their investment programmes. Most of all, they must get to grips with some of the staggering inefficiency in the services they provide. Liverpool is an authority which, in 1982/83, compared to the Metropolitan District average, spent 2½ times more per head on environmental health, 50% more per head on waste collection, 30% more per head on social services; an authority which in 1982 spent £2,547 to sweep a mile of its streets compared with £784 in Sheffield. The Council must stop wasting ratepayers' money on projects such as the wholly unnecessary municipalisation of a new private housing venture in Toxteth at a cost of £3m; and on propping up an uncompetitive Direct Labour Organisation. It cost the

Council Elm above the lowest tender to give their DLO a recent housing improvement contract which it could not gain competitively. The fact that Liverpool faces real problems is no excuse at all for inefficient and high cost council services.

Liverpool City Council have wasted many months in totally unnecessary confrontation. I hope we can now look forward to a period in which all concerned can devote their energies to solving Liverpool's genuine social and economic problems.