

PRIME MINISTER

COMMUNITY CHARGE DEBATE

I attach the Hansard for Thursday's Community Charge Debate. In addition to the opening and winding up speeches, you may like to look at the following:

Norman Tebbit	col <u>460</u>
Elaine Kellett-Bowman	col <u>481</u>
Neil Hamilton	col <u>493</u>

Of the speeches against, you might like to look at: ✓

Sir Rhodes Boyson	col <u>464</u>
Sir George Young	col <u>496</u>

I have prepared a minute for you to send to Mr. Patten expressing your appreciation of the work of officials. I have also prepared a personal covering letter thanking him, David Hunt and the Whips for all they did to ensure that the vote was won.

AT

ANDREW TURNBULL
19 JANUARY 1990

mt

P.S. Mr Patten is delaying his departure to Nairobi until Wednesday after questions. Despite the good result the Whips think it advisable for him to be there.

a:\pps\ccharge.mrm

H. R. H.

as speaking with all the authority of a former number-plate salesman who will not be able to sell the Government's poll tax numbers to the citizens of Birmingham.

Mr. Tim Devlin (Stockton, South) *rose*—

Mr. Rooker: I will not give way again because of the time limit.

Assuming a 10 per cent. increase next year, revenue from rates in my constituency would amount to £18 million. Assuming a figure of £410, revenue from the poll tax in my constituency will amount to £29 million. My constituents will be required to pay £11 million more in poll tax than they would have paid in rates. Those figures are irrefutable; I have checked the rateable values of 7,000 dwellings—about 20 per cent. of my constituency. Assuming that half the households were on half rebate, they would still pay £8.5 million more in poll tax than they would have paid in rates. Birmingham will collect the same amount of money—the poll tax is designed only to replace domestic rates. Who will pay £11 million less because of the additional £11 million that my constituents will pay?

The massive dislocation that that will cause to family incomes and finances does not bear thinking about. The Government have said that no one should pay more than £3 extra, which is ludicrous. For a single person in Birmingham to benefit from the transitional payments, he would currently be paying a rate bill of £92—a rateable value of £36. Nowhere in Birmingham has such a rateable value. Other households will not benefit unless their current rates are £340—a rateable value of £133. Average rates in Birmingham are £500, so few people will benefit.

The figures are fiddled. They do not take account of the reality of expenditure, of the population or of the ability to pay, which, as the Secretary of State knows, is Labour Members' central objection.

There must be accountability through the ballot box and annual elections. We in Birmingham would like annual elections again, and there should be annual elections in the shires and in London for a quarter or a third of the councils. That would be one way of achieving true local government accountability. If the Secretary of State wants to improve local government accountability, he should arrange for annual elections for all councils and return to the big cities the missing year of no election resulting from the abolition of county councils.

I want to draw the House's attention to early-day motion 258 on Tory-controlled Mid-Suffolk district council. It has complained bitterly to the Minister and asked its Member of Parliament to take action. It makes exactly the same complaints as Labour Members and Labour-controlled authorities—that the Government have not taken account of the use of balances to cushion the rate levy and have not taken sufficient account of the realistic rate of inflation. Inner-city and rural areas and Tory and Labour-controlled authorities are complaining justifiably about how the Government have introduced the poll tax.

I reinforce what my hon. Friend the Member for Dagenham (Mr. Gould) said about this being the Government's last chance to think again. I ask Conservative Members to do the sensible thing tonight—to vote against the reports and to get a more sensible arrangement for the immediate future.

Mr. Devlin: On a point of order, Mr. Speaker. Was it in order for the hon. Member for Birmingham, Perry Barr (Mr. Rooker) to criticise my hon. Friend the Member for Birmingham, Northfield (Mr. King) for being absent from a meeting when all but eight Labour Members have absented themselves from this important debate?

Mr. Speaker: That is not a point of order for me. What the hon. Member for Birmingham, Perry Barr (Mr. Rooker) said certainly was not out of order.

6.47 pm

Mr. Norman Tebbit (Chingford): I agree with the hon. Member for Birmingham, Perry Barr (Mr. Rooker) on at least one point. If there is to be accountability in local government, we should again closely reconsider annual elections for quarters or thirds of local authorities. That may be a good path to take. If we are to have such accountability, those who authorise spending should be called upon to pay the bills. If they can pass the bills on to someone else, such as the taxpayer or that lovely creature the Government, who distributè largesse at no cost to anyone, there will be no pressure on voters to consider the cost of the proposals for which they are voting. The hon. Member for Perry Barr will probably agree that voters should know what proposals will cost when they vote. On that basis, he should support the community charge, although I shall return to some of the problems that may arise from that in a moment.

I declare an interest as a director of several public companies, which are listed in the Register of Members' Interests—

Mr. Tony Banks: The right hon. Gentleman has only 10 minutes to list them.

Mr. Tebbit: It was just as well that the hon. Gentleman was in order.

Some of those companies are favourably affected by the introduction of the new business rate and others are unfavourably affected. That has given me an especially good overview of how the national business rate will operate. As I think the House knows, in general it will increase the burden on businesses in the south and decrease the burden on businesses in the north. It will increase the burden on service industries such as retailing and decrease it on manufacturing. In effect, it will do precisely some of those things that my right hon. Friend the Member for Chesham and Amersham (Sir I. Gilmour) has always asked the Government to do. It will help to close the north-south divide. I am surprised that he is so critical of the measure. Many of us are in favour of proposals in theory, but when we realise how they will work out we often quibble about them. Perhaps my right hon. Friend is suffering from that.

In the domestic area, it is a little more difficult to consider the question of gainers and losers. In some respects, we have moved away from what some of us thought to be the purity of the concept of the community charge. Why have we done so? Every step taken has been an endeavour to make it easier for those who will be adversely affected. To some extent, that has blunted the effect of the principle upon which we are all agreed—that those who vote for expenditure should pay for that expenditure. Many of my right hon. and hon. Friends who represent constituents who consistently voted for low expenditure over the years complain that they are now

[Mr. Tebbit]

being called upon again to help pay for the high expenditure of other local authorities. My right hon. and hon. Friends have made proper and laudable efforts to ease the impact of the community charge, and especially to do something for those many people who live in low-rated areas and who, until now, have paid a relatively small part of the cost of local government services.

I hope that all my right hon. and hon. Friends will take into account the fact that if the community charge were not introduced there would have to be a rating revaluation. I venture to suggest that, had that happened, different hon. Members would be complaining, but that there would no fewer of them. We should make up our minds that this is the system of local government for the future. At the very least, it is no more unfair than the old rating system, which was absolutely absurd and should have been swept away years ago. We should put some of the blame for the excessively high community charge figures where it belongs.

I received a letter today from a constituent who, as a local employer, attended a meeting in the London borough of Waltham Forest to discuss the proposed community charge for that area. I remind those hon. Members who are not familiar with my borough that it has the distinction of being second only to the borough in which the Leader of the Opposition lives for the highest ever rate rise in one year. It chose the year of the general election to increase its rates by more than 60 per cent. Politically speaking, the local Conservatives probably felt that that was a monstrous own goal for the Labour party.

After a 60 per cent. increase in one year, what can the local electors expect other than a high community charge bill? The authority has been a consistent overspender, yet its services are far worse than they were under the previous administration. My right hon. Friend the Member for Brent, North (Sir R. Boyson) is familiar with that local authority because he once served there as a Conservative councillor. At that time the rates were well under control—not because there was a rating system rather than a community charge system, but because it was a well-managed authority that maintained a good level of services and a low level of expenditure.

My constituent said that at the meeting one of those present questioned council expenditure and specifically asked what steps, if any, were being taken to reduce the financial burden on both non-domestic and domestic ratepayers. The answer was none. When there are complaints about the level of the community charge in my borough, the blame should fall upon those who flatly refuse to take any measure to cut expenditure in what has been a grossly extravagant council. Only recently, I was told by a senior member of the town hall staff that, in his opinion as a long-serving local government officer, the community charge in my borough could be reduced by £100 if a sensible administration were in force. That would make the proposed community charge figure very different.

I have no hesitation in supporting the Government tonight in carrying through the final stage of the implementation of the community charge. Of course it will be uncomfortable in places, but I beg my right hon. and hon. Friends to remember that we would also have faced an uncomfortable time with revaluation, which would

have shifted the burden in what would have seemed to those who had received arbitrary benefit over the years to be an arbitrary increase in their share of the expenditure.

I hope that tonight my right hon. and hon. Friends, whatever their misgivings about some of the detail, will accept what was said by the hon. Member for Birmingham, Perry Barr (Mr. Rooker)—that we want accountability in local government. It is my view that that accountability comes only when those who call for expenditure are called upon to pay for it.

6.57 pm

Mr. Tom Pendry (Stalybridge and Hyde): By now the Secretary of State must be in no doubt that the Government's attempts to simplify the standard spending assessments for local authorities, and their selective was of calculating the safety net grant, will be disastrous for many local authorities. What my hon. Friend the Member for Leyton (Mr. Cohen) said earlier in a whisper needs repeating in a louder voice—that the SSA has made an ASS of the Government.

The provision of the safety net grant is supposed to protect local authorities such as Tameside from changes in grant between this year and next. Instead, the reverse is likely as a result of direct actions by the Government and Ministers. Although local authorities are facing inflation that is currently running at 8.5 per cent. and rising, the Government have decided that Tameside's spending will increase by only 4.8 per cent. That decision alone will affect the safety net grant by £4.7 million, or £29 per adult.

As a result of Government legislation, local authorities face many new responsibilities such as implementing local management of schools, the national curriculum and others that have been spelt out by hon. Members. Nevertheless, the Government have chosen to ignore that when calculating council's spending figures for next year. In Tameside, that will result in an underpayment in grant of £10 per adult. As the Secretary of State has decided that the first £25 per adult loss in grant is not to be protected, that will cost Tameside poll tax payers £25 per adult, or £4 million, in lost grant.

I wish to illustrate another glaring injustice in my local authority. Tameside recently made a one-off contribution of £2.5 million to the housing revenue account to pay off debt. Hon. Members must agree that it is outrageous that that exceptional payment has been included in the Government's calculations, and so deducted from the safety net grant, not only for next year, but for the next three years. That will amount to £7 million over that period.

All these factors mean that the residents in my local authority area face a poll tax bill of £358 instead of £278. Each adult will have to pay £70 more. Next year new legislative requirements will force the council to spend an additional £1.5 million on debt repayment. On top of that, the poll tax is expected to cost £1.3 million to collect—more than the cost under the previous rating system. Those two factors will add £17 per adult to the poll tax, without any benefit to the residents. What will happen in 1992, when the safety net grant is no longer available, is clear: the poll tax payers will have to bear the full burden. If the Government believe that the ratepayers will blame all this on local councils, I assure them that that is wishful

[Mr. Harry Barnes]

services. Likewise, a sparsely populated area such as the Derbyshire dales in west Derbyshire will incur higher costs in the provision of refuse collection services, for example. North-east Derbyshire is an intricate mix of areas that are either densely or sparsely populated, so it will lose out. It still has to cope with problems of communications and congestion in respect of its sparsely populated and densely populated areas respectively. That aspect of the formula makes no sense to north-east Derbyshire or, I suspect, to many other areas.

The revenue support grant formula also takes into account an all-age social index. Its parameters include the numbers of persons sharing a property, the number of baths and lavatories available, the number of lone-parent families, whether more than one person occupies a room, and the number of Commonwealth residents. North-east Derbyshire is divided into east and west. The "EastEnders" comprise the working population, while the west of the district is more rural and middle class. The working class areas could benefit considerably from the all-age social index, as neighbouring Bolsover does, but the social mix of the district means that they will lose out entirely. That makes a nonsense of the revenue support grant formula.

The formula's social deprivation factor is more appropriate to county councils than to district councils in terms of education and social services, yet if one compares north-east Derbyshire with other authorities in Derbyshire, it will lose out considerably. On 12 January we were given a fresh set of figures for the special grant. Bolsover will get a low-rateable-value-area grant of £1,216,000. North-east Derbyshire and the other authorities in the area will get nothing, but the heartland of north-east Derbyshire is identical in its social characteristics to Bolsover. I am happy that Bolsover will get the money, as it obviously needs it, but at least 50 per cent. of north-east Derbyshire needs that money as well. That shows that the whole arrangement is a nonsense.

Some of the new arrangements are supposed to overcome the problem of high poll taxes for people who are relatively socially deprived.

Socially-deprived people who live in a rich area will suffer, but rich people who live in a socially-deprived area will gain from a slight alleviation in the charge.

I hope that the Minister will agree to meet the deputation from north-east Derbyshire, and that he will discuss seriously with it the technical problems, which will cause financial difficulties for authorities in my constituency. I am sure that similar problems exist in many other areas.

8.21 pm

Dame Elaine Kellett-Bowman (Lancaster): Since 1981, Labour-controlled Lancashire county council has been taking those citizens who are unfortunate enough to pay rates, manufacturing and service industries, hospitals, education colleges and the university to the cleaners. The only way to get a lower community charge is to kick out the Labour county council.

Labour's first act on taking office in 1981 was to slap an extra 18p on the rates above the already budgeted spending. It has continued to increase that burden every year until, oddly enough, last year when there was a

county election, and the council raided the reserves to keep the rates increase down. Now there is only three hours' county spending left in the kitty because the Socialists have been spending merrily since then.

The massive rates increases that the council has imposed have placed a huge burden on our industries, which had no vote and could do nothing to protect themselves. The rates increases have also been a terrible burden to the local hospitals, which had to pay millions more—money that should have been spent on patient care. Similarly, the university had to divert funds that should have been devoted to education to feed the insatiable county council appetite.

As long as there was no connection between demanding services and paying for them, the county council could get away with it. It was essential to change the system so that everyone paid for the services that they demanded. I am happy to say that the new system will achieve that.

However, those on low incomes must be protected from sudden steep rises—

Mr. Ronnie Campbell (Blyth Valley): Will the hon. Lady give way?

Dame Elaine Kellett-Bowman: No.

People who live in small terraced houses must be protected. Many of them will be among the 9.5 million who are eligible for rebates, and others may be eligible for the transitional relief to cushion rates that was announced in the autumn.

Although rebates apply to the whole charge, transitional relief applies only up to the amount that local councils are supposed to need to provide proper local services. Any excess is not covered. People will still have an incentive to vote for a council which will not spend charge payers' money as though there were no tomorrow, which is what is happening now in Lancashire.

Businesses, especially manufacturing industry, in our part of the world will benefit substantially, but the new revaluation is designed to give equal treatment to everybody. It has put the fear of death into many business men who have not yet understood transitional protection or the lower poundage. They do not all appreciate that in future the unified business rate will rise only by the rate of inflation, and we ought to stress that. That will prevent the robber barons at county hall from holding them to ransom, as they have done for the past nine years.

Businesses in the northern and north-western areas will gain £900 million in transfers from southern England. This is the best general regional policy for the north-west since the war, and it is better than anything that Labour has ever brought in. Even so, I think it is wrong that companies in my constituency, which have had too high a rate burden for too long, will not get the whole relief at once. I have raised that matter with the Minister on several occasions, and I shall continue to do so.

Transitional relief for those in the south who are hard hit by the rises should be paid for by the Exchequer and not by stallholders in Lancaster market or small firms on Caton road.

The Labour controlled Lancashire county council is having a field day. It has increased its estimates three times since September, and it proposes to increase expenditure by 31.5 per cent., which is equivalent to an 82p rate under the old system, which it will gaily blame on the new community charge—fibbing as usual. The council has to

taxed separately, yet for the community charge, a couple have only half the capital exemptions? They each have half of the £8,000—a total of £8,000 between the two of them—compared with the £8,000 for an individual. It is utterly incomprehensible that the Government are quite rightly moving in one direction in terms of central Government taxation, but defy the logic of that when they bring in a new taxation system for local government. If £8,000 was the right capital limit for income support when that was introduced, it cannot still be the right limit, without valorisation, for the tapering of community charge.

When I wrote to my hon. Friend the Minister about this matter I was more than surprised to receive an interim reply saying that my letter had been passed from him to the Department of Social Security because his Department did not accept responsibility for the £8,000 limit.

Mr. David Hunt: I was unaware of that letter. The £8,000 limit, which I thought was increased from £6,000 for income support, is consistent with social security policy. If we were to make any move it would be a matter for my right hon. Friend the Secretary of State for Social Security. That is probably why my hon. Friend received the interim reply and I shall ensure that he receives a much fuller reply as soon as possible.

Mr. Maxwell-Hyslop: I have received a full reply, but it is utterly unconvincing. There is no essential reason why community charge—based on a poll tax system abated by rebates—should have the same limit as income support. There is no logical reason for that. Income support is related to the many different circumstances of a person, as are family credits, but the community charge is not. Therefore, there is no essential, self-evident reason why the figure at which the taper starts should be the same for both.

When the community charge was voted by the then Government, it was understood that grants to enable students to pay it would be increased by 20 per cent. of the national average community charge. Students would then have the same incentive as others to encourage economical local government and to punish extravagant local government. However, that got lost in the wash.

I wrote to my right hon. Friend the Secretary of State for Education and Science asking what has happened to the proposal to add that 20 per cent. to student grants, but I am still waiting for a reply—which I thought someone would take the trouble to see that I received before this debate. The question of where the money is to come from that will allow students to pay the charge has, at this moment in time, received no answer.

The points that I have raised are not trivial but are very serious. Taken together, they constitute the basic reason why I shall not be able to vote with the Government in the Lobby tonight.

8.10 pm

Mr. Harry Barnes (Derbyshire, North-East): For some time, I have wanted to make a long speech on the constitutional and democratic implications of the poll tax. I shall not do so tonight, because although the poll tax is of relevance to the rate support grant, it is technically secondary to the main subject of tonight's debate.

The revenue support grant is an injustice inside an injustice. If one could imagine that the initial injustice did not exist and that the poll tax was fair—which it cannot be

—there would still be something very peculiar about the operation of the revenue support grant. I would only add that the poll tax is the unfairest general form of taxation that has ever been introduced into any western democracy, which is why it has serious implications for our democratic and constitutional system. However, that is for another occasion.

On 19 December, I wrote to the Minister for Local Government and Inner Cities asking him to meet a deputation from North-East Derbyshire district council. I wrote to him again on 12 January. We do not wish to discuss the poll tax or the national business rate; we specifically want to discuss the 1990-91 revenue support grant.

On the basis of information published on 6 November, it appears that the poll tax in north-east Derbyshire will, in accordance with the Government figures, be £297—or £366 when the safety net is removed. However, because the revenue support grant will be so low, it will be impossible for north-east Derbyshire district council, which is not a profligate authority, to observe those figures—no matter how carefully it behaves. As the rate support grant will be woefully inadequate, the poll tax will be nowhere near the figure suggested by the Government but closer to the figure of £400—unless the deputation that I hope the Minister will meet is able to persuade him to alter north-east Derbyshire's poll tax figure and the revenue support grant formula.

When the Local Government Finance Bill was in Committee, the Conservative party made a party political broadcast about the benefits of poll tax and produced a rough and ready formula. It was never meant to be exact, but was intended to give a general idea of how the new arrangements would work. It was estimated that about 50 per cent. of an authority's income would come from revenue support grant—25 per cent. from the national business rate, and 25 per cent. from poll tax. The Government's standard spending assessments show a revenue support grant for north-east Derbyshire of £9 million, which is less than 20 per cent. of the amount required. Poll tax will contribute £21 million, as will the uniform business rate. Together, they will account for more than 80 per cent. of total income, which represents a dramatic change for that authority, brought about by the nonsensical rate support grant formula.

One aspect of the formula relates to population, including inflow and outflow. During the working day, the area covered by north-east Derbyshire district council loses many people to their places of work in Chesterfield; to Markham pit, near Staveley; and to Sheffield. East Staffordshire authority, which is of comparable size to north-east Derbyshire district council, gains from that because its area experiences a net inflow of the working population. Nevertheless, east Staffordshire can raise money because of the car parking and other facilities that it must provide for people working in its area. No such revenue is available to north-east Derbyshire, whose residents will have to contribute to the costs incurred by other local authorities in the provision of certain services. What district council services are so dramatically changed by either a net inflow or outflow of its working population? Dustbins must still be emptied, houses repaired, and other general services provided.

The revenue support grant formula also incorporates a density and sparsity factor. A highly populated area naturally requires additional money to provide adequate

refill the county coffers, which it emptied to cushion rate rises before last year's election. It also has to pay for the above-average wage settlement that it persuaded the local authorities to concede.

Mr. David Hunt (Lancashire) was in the chair.

Dame Elaine Kellett-Bowman: As the Minister observes, Lancashire was in the chair at the time. On top of the 8.8 per cent., which was well above the going rate when it was conceded, the council is handing out an extra 20 to 30 per cent. on the salaries of higher paid officers. It cannot be justifiable to ask lower-income charge payers for some £15,000 extra for a pay increase for the chief executive.

The administration at county hall has become increasingly top heavy. The number of teachers employed in our schools has gone down, while the number of staff in the county education department has steadily increased. That was before the Education Reform Act 1988 which it might have used as an excuse for more staff. In future, the Labour group will not be able to rob industry in Lancashire to pay for its extravagant spending, and everyone will have an interest in keeping spending down since everyone will pay, and those who pay the piper call the tune.

For those reasons, I support this long overdue measure of justice.

8.27 pm

Mr. Harry Cohen (Leyton): What is the standard spending assessment—the SSA that has been referred to today—which is so essential to the whole tax figures for individual boroughs? It is the amount that the Government say that local councils should be spending.

My council, Waltham Forest, is spending £30 per head less than the Government's SSA for it. Judging by that criteria, Waltham Forest must be a low, or a reasonable spender, according to the Government. However, the poll tax will go through the roof—the latest estimate is £488 per head and that is with a standstill budget. That is a long way from the £297 that the Government have mentioned. Why is that? One reason is that Waltham Forest will have to put £42 for everyone who pays the tax into a safety net. That is grossly unjust. The neighbouring borough of Redbridge will pay nothing, nor will other boroughs in the surrounding area which are in a better position than Waltham Forest.

The money will go to Conservative-controlled Wandsworth council to help with the Conservative election effort, and that is grossly unfair.

There are many other reasons, and they are all factors that are outside the control of Waltham Forest council. For example, high interest rates will add £1.1 million. Inflation is 7 per cent. this year and is forecast at 8 per cent. for next year, but the Government have only allowed for 4 per cent. That adds another £5.5 million. The police precept is £2.5 million, the cost of setting up and running the poll tax is £1.7 million and budgeting for non-payment will mean another £3.5 million. As my hon. Friend the Member for Dagenham (Mr. Gould) pointed out, the Government have said that every penny will be collected. That is ludicrous—every local authority accountant knows, as many other people do, that there will be bad debts.

Thus we have a total of £14.3 million to cover factors outside the council's control—and, for every £1 million, £6

can be added to the individual's poll tax bill. On top of that, there is the cost of the Government's new legislation—the Children Act 1989—the Education Reform Act 1988 and the National Health Service and Community Care Bill. Presumably the Government want local authorities to implement their laws, but that will add another £1 million. To arrive at the Government's figure of £297, the authority would have to cut services by £32 million. Even its Conservative members are discussing cuts of only £11 million, and that would require major education and social service closures. If they had their way, the poll tax bill would still be £420 per person, far above the Government's assessment.

The poll tax is a redistribution of money from the poor to the rich. Let us compare the results of the rating system in Leyton with the poll tax figure of £450—and, as I have said, the latest estimate is £488. Two adults will pay 79 per cent. more, and three will face an increase of 169 per cent. In Chingford, in the same borough, the increases—although large—are much smaller than those in poor areas such as Leyton. Few of my constituents will qualify for transitional relief, which is granted to those paying £3 more than they paid in rates—according to the Government's unreal poll tax figure of £297.

The Secretary of State could not even justify SSAs in his speech; he said that they were not cast in stone and could be changed next year. That is not surprising when we consider some of the facts. Tory Gloucester, for instance, receives £5.3 million for under-fives, but provides no services for them. It receives its grant on the same basis as councils that do provide such services. Similarly, seaside resorts contain many old-age pensioners but provide no direct services for them, as such services are provided privately. They are treated in the same way as boroughs that provide old people's homes, home helps, day centres and so on.

SSAs are ludicrous. I have just put out a press release in which I have observed that the SSAs are making an ASS of the Government—and that is the truth.

8.33 pm

Mr. Timothy Wood (Stevenage): I shall be supporting the Government tonight. In debates such as this it is all too easy to lose sight of the problems and inequities that have existed for years in the domestic rating system. Over the years, I have attended a multitude of conferences and meetings at which pleas have been made for an end to that system. In Hertfordshire and the other home counties huge levels of rates have been paid, suggesting a level of disposable income far beyond the reality.

I must confess that the huge differences between payments per adult in Stevenage and those in other parts of the country staggered me. The treatment of different areas has involved massive injustices, and there have also been great injustices on an individual basis. It has been said many times before—but there is nothing wrong with repeating it—that single elderly people have, typically, been severely disadvantaged. In contrast, many young adults—who are the main users of subsidised local authority sport and leisure facilities—have not been required to pay anything.

Mr. Pawsey: May I draw my hon. Friend's attention to the fact that there is not a single Liberal Member in the Chamber? I find that staggering, and I am sure that he will

[Mr. Pawsey]

as well. Is it not disgraceful that there is not a single Liberal Member present to comment on a debate that touches every constituency?

Mr. Wood: I agree with my hon. Friend. Not only have we seen hardly any Liberal Member apart from the one Liberal contributor to the debate, but we have seen large expanses of green Bench owing to the sparse attendance of Opposition Members in general.

I am convinced that sweeping away the domestic rating system, together with the paraphernalia of penalties and so forth, will dramatically improve both accountability and equity. Having said that, however, I do not wish to give the impression that some great Utopia has arrived in local government finance. Further improvements can and should be made in the standard spending assessments, and I welcome my right hon. Friend's willingness to consider further the methodology by which such assessments are set.

First, the formulae used to define SSAs run to excessive and spurious numbers of significant figures. I remember complaining about exactly the same features of grant-related expenditure assessment. For example, page 7 of the relevant report informs us that the number of students aged over 16 is multiplied by £2,315.54. To that figure is added £33.42 multiplied by an "additional needs" factor, and to that is added £347.33 multiplied by a "scarcity" factor. The result is taken with another table for 11 to 15-year-olds and multiplied by "area cost adjustment for education"; that result is then scaled to a control total given in annex B of the report.

As a science graduate in mathematics, I see no satisfactory justification for the pseudo-accuracy implied in some of those figures. Furthermore, I am convinced that such spurious accuracy confuses both local councils and hon. Members. I had hoped that the introduction of the SSA would lead to a simplification and clarification of the figures in comparison with GREA. Some of the frustration and discontent that such assessments sometimes reveal is a result of the opacity of the calculations.

Secondly, greater clarity in the tabulations presented to Parliament would be helpful. I suggest, for example, that to give the SSA per capita in each local authority area would aid ready comparison. I have observed during the debate that some people have obviously made the appropriate calculations and presented them, but it would surely be easier to assess the expenditure that it relevant to a particular area if the figures were readily to hand.

Thirdly, and perhaps most important, I believe that the SSA figures contain anomalies. I shall tolerate that this year, but I feel that rectification will be necessary in due course. My constituency contains three local authorities: Stevenage, North Hertfordshire and East Hertfordshire. For some reason, North Hertfordshire is given the highest per capita SSA. I live in that district, and I know it well. I do not believe that its per capita needs are greater than those of Stevenage or much greater than those of East Hertfordshire.

I also know both the borough of Stevenage and Bracknell district very well. They are both new town areas; I have been leader of one, and I now represent the other. Bracknell has the higher per capita SSA, but I am convinced that Stevenage's per capita needs are greater than those of Bracknell.

Perhaps most extreme is the amazingly high standard spending assessment per capita for the borough of Slough. I can see no justification for the Slough borough spending needs to be set at double the per capita figure for such areas as Bracknell and Stevenage. It appears that Slough borough shares my view, as council spending is significantly less than the standard spending assessment.

Mr. Wilshire: Slough is next to the borough which I represent. Does my hon. Friend share my view that when a borough such as Slough, controlled by the Labour party, is able to suggest that it will be setting such low charges, it is extraordinary that a thrifty and sensibly run neighbouring authority, Spelthorne, should be faced with a charge of £400? Does he agree that that proves his point that something is sadly amiss?

Mr. Wood: I said that there was great need for a further detailed examination of some of the anomalies that emerge from the figures. Clearly—one does this in any scientific assessment of anything—if one finds exceptions, one looks for the causes of them and assesses whether there is a factor that is playing an excessive part. That must be happening in view of some of the effects that we are seeing. I hope that during the next year some of those factors will be sorted out and that a better position will be presented.

I press those points because Stevenage borough council spends excessively and I do not wish to defend that extravagance. But equally, I hope that a reconsideration of the SSA methodology will remove the anomalies and thus more readily enable me to criticise the council for not doing what it should in giving value for money.

In relation to safety nets, I welcome the response of the Government to the representations that were made in the autumn. A great political error would have been made if safety net contributions had been made by local authorities for a period of four years. One of the principal objectives of the community charge is to improve local accountability. To have just one year of safety net contribution will enable local residents to make easy comparisons of local government spending more quickly.

I confess that there seems to be some curious safety net anomalies in the first year, even though they have been reduced since the first proposals were published. I have drawn the attention of the Minister of State to some of those. Regrettably, those anomalies seem to favour the high, rather than the low, spending authority.

For example, in Copeland the average rate bill per adult is £191. In Kerrier, Cornwall, the figure is £194. Copeland overspends by £28 per adult, while Kerrier spends at £50 below the SSA. But Kerrier will receive a £9 safety net payment per adult and Copeland a massive £91 and a special grant of £25.

As a result, the residents in the prudent Kerrier district will have to pay at least £216 while in high-spending Copeland the figure will be £191—no change, assuming that spending is not increased excessively. It seems that the safety net arrangements are often overgenerous to the high spenders. While this matter will automatically reduce in significance, I hope that a further look will be taken at the methodology before the figures are set for next year.

I have raised those concerns because I want to see the new system of local government finance work with even greater effectiveness in future years. I am convinced that there will be much improved accountability. I am also convinced that the uniform business rate should boost the

Mr. Banks: No, not at all. The Government will always set the broad parameters. The hon. Gentleman should bear in mind that those parameters have been very much narrowed by the Government. In 1981 central Government used to contribute about 60 per cent. to local government expenditure; the contribution is now down to about 38 per cent. That is the essence of the problem. Local government finance has been squeezed and squeezed as the ground rules have been changed over and over again at the will of the Government.

We cannot have properly organised, efficient local government finance when councillors do not know what the rules will be from one year to the next. That is the ridiculous rubbish trotted out from the Dispatch Box every year since 1979. As we all know, the position has not got better; indeed, it is far worse.

I take a close interest in what the London borough of Newham does. I am proud to say that it is a Tory-free zone. We have no fears of the Dispatch Box. There is not a Tory on the local council. The Tories could not win in Newham for the simple reason that the people can see through them every day of the week. Looking through the budget papers of Newham, I notice that in the second most deprived local authority area in the whole country, according to the Department of the Environment's indices, if we just maintained our current services for next year at £220 million of expenditure, the poll tax would be £503 per person against the Government's estimate of £337. The average rate bill in Newham is £628. Therefore, with a poll tax of £503, two adults in a household will have to pay £378 more. The increase for three adults will be £881, and so it goes on.

Newham's standard spending assessment has been reduced to £195 million. At the current rate of expenditure we will spend £25 million or about 13 per cent. over the SSA. I understand that we might be capped at that level. The old capping used to start at about 12.5 per cent. As the Secretary of State mentioned the possibility of capping, I should like the Minister to tell us how it will work. At what level will capping be triggered? What mechanisms exist for it? We do not know how the mechanism of capping will work for the poll tax.

What really rankles is that Newham, despite its manifest problems, will still have to make a net contribution to the safety net of £21 per head. Next-door Tory Redbridge, which has far more facilities and is a more affluent area, will make only a £1 per head contribution. The Minister has had complaints from his own side, but what about the complaints from our side? How have we got into a position where a deprived local authority area is contributing more than an affluent area? Why is the money going to the London borough of Waltham Forest? When my hon. Friend the Member for Leyton (Mr. Cohen) mentioned it, the hon. Member for Lancaster (Dame E. Kellett-Bowman), who has nipped out to get a fresh pint of blood, said, "Good, that is what we want." That aside demonstrates the manipulative nature of the Government and the way they are prepared to twist the system to suit their party political purposes. That is what it is all about.

I objected strongly to the hon. Member for Surbiton (Mr. Tracey) saying that London Labour boroughs, which must include mine, as the strongest Labour borough, would go for the highest possible poll tax and then try to blame it on the Government. We would have great difficulty trying to put the blame on the Government

because part of the strategy is to shift all the blame on to local authorities. The Government strategy is to keep attacking and vilifying local authorities, and to keep taking money away from them. As the services deteriorate, people are expected to blame the local authorities when the Government are entirely responsible. We know what is going on. We are not stupid.

We will not impose great burdens on the people who live in Newham. We will have to consider cuts of about £17 million so that we can get down to a poll tax that is at least reasonably acceptable. We do not need lectures. We are not playing politics with the people. We are trying to protect the people from the vicious, avaricious and disreputable Government who are attacking them.

It is not just the poll tax that we face. Council tenants also face an increase of £10 a week in rents because of Government diktat. Then the Government start lecturing us about high-spending and spendthrift local councils. We do our best in Newham and we get very little assistance from the Government; indeed, we usually get a great deal of abuse.

The poll tax, which has been dreamt up by some halfwit in the Department of the Environment, is unfair, unloved and unclear. That is a reasonably good description of the Minister and of the Government.

8.56 pm

Sir George Young (Ealing, Acton): I want to deal head on with the question that is legitimately posed to those on the Conservative side who plan to vote against the report. We are asked what we hope to achieve, given that defeating the report would not remove the community charge but would simply deprive local government of resources. I hope to answer the question in three parts.

Some of us have consistently opposed the policy that underpins the report. We voted against Second and Third Readings of the Bill, and we voted in favour of the amendment moved by my hon. Friend the Member for Hampshire, East (Mr. Mates). We came within 25 votes of changing Government policy. Nothing that has happened since has allayed our fears. On the contrary, those fears are now shared by more colleagues in the party who at the time were prepared to give the Government the benefit of the doubt, but who have seen some of our predictions come true. At a time when more colleagues are voicing their unhappiness, when there is a better chance than ever of defeating a policy-related motion, it would be absurd to abandon one's opposition and support the Government. For that reason I plan to vote against the report.

It is said that opposing the report is not a vote against the poll tax but a vote against local government, and that the House should give local authorities the resources to carry through the reform. Conservatives voted against the RSG measures between 1974 and 1979 without being accused of being anti-local government. We did not do that because we were anti-local government. How could we? We controlled most of local government then. We did it because the RSG contained a broad political statement with which we disagreed. We took a broader view then and we are entitled to take a broader view now.

Conservative Members who feel squeamish about voting against the RSG report should read a speech that was made against the RSG order. It says: "The Secretary of State"—which of course was a Labour Secretary of State—

position of manufacturing industry in the north of England, which we wish to see. Councils will no longer be able to indulge in rash spending without regard to the local consequences.

The measures may not bring perfection, but a giant stride forward is being made to give us better value for money in local government spending, and they deserve our support tonight.

8.43 pm

Mr. Tony Banks (Newham, North-West): It is interesting to speak after any Conservative Member who has suddenly realised that he has been sold a pup by the Government. I recall that in the early days of this matter there were a few Conservative Members who were consistent in their opposition to the poll tax, but in the main they were those who just saw it as unfair and inequitable. The great majority of them were swept along by the Government's propaganda. Here was another way to get at the spending patterns of Labour local authorities, they thought, and they went into the Division Lobby with great glee.

As those Conservative Members saw the proposals unwind, they realised with a degree of horror and shock—which we have taken great pleasure in witnessing today and which we witnessed in subsequent days after the original decision—that it would be a bad deal for them. Then the wingeing started. I await with expectation what happens tonight. One often hears of a Tory rebellion, though often it is more mooted in the press than turning into reality in the Division Lobby.

I suspect that the Government have a serious situation on their hands tonight. The way in which the whole of the Cabinet was reeled in to sit on the Front Bench, stoically listening, gave one food for thought. I watched the Prime Minister look at her watch—she does not often stumble into local government debates; I am sure that the way in which the new system will work is as clear to her as it is to the rest of us—as she sat there in a sort of demonstration of support for her beleaguered Secretary of State, hoping to quell with one of her icy glances the rebellion on her Back Benches. I hope that she has not succeeded because, as my hon. Friends have pointed out, this is the last chance Conservative Members have to do something about the iniquitous poll tax and bring the Government up short.

Sir Nicholas Bonsor (Upminster) *rose*—

Mr. Banks: I give way to a man who is obviously suffering badly.

Sir Nicholas Bonsor: That is extremely kind of the hon. Gentleman. Opposition Members should appreciate why some of us will be in the same Lobby as him tonight. The reason is not because we do not like the community charge but because the SSA has been geared in such a way that it is having precisely the opposite effect to what we were promised it would have. Authorities such as mine, which are low-spending, well-run Conservative councils, are being penalised, and authorities run by the Labour party, which overspend and waste taxpayers money to a huge extent, are benefiting. That is why some of us will reluctantly be walking alongside the hon. Gentleman in the Lobby tonight.

Mr. Banks: I wish that I had not taken sympathy on the hon. Gentleman in view of the unkind remarks he made

about my local authority. As I said, the hon. Gentleman has been sold a pup and he and many of his hon. Friends have suddenly realised that, especially in view of the way in which the whole system has been moved around, tinkered with, manipulated and pulled and pushed to try to meet all the objections. Those movements have made it all the more grotesque and absurd.

But I shall be pleased to be in the same Lobby as the hon. Gentleman, and at that time he may care to tell me how he sprained his wrist. Perhaps he was picking up some of those heavy wine crates that I know he disposes around—*[Interruption.]* I appreciate that the hon. Gentleman is a very good vintner.

My hon. Friends and I object to the poll tax in principle, basically because it is unfair. How can anyone defend a system by which someone in a castle, and there are not many of those in London, pays the same as someone in a damp flat, of which there are many hundreds of thousands in London? That is grotesquely unfair and why we shall oppose it throughout.

We are now confronted with a new system of local authority finance. Frankly, if that is designed to make the whole thing simpler, the Schleswig-Holstein question would now be a good candidate for an entry in "Trivial Pursuit" or would be easy meat for some readers. I say that because the new system does not make any more sense than some of the other ridiculous systems that went before it.

How do these systems work and who devises them? There must have been an outbreak of acromania at the Department of the Environment. That source gave us GREAs—granted-related expenditure assessments—and now we have SSAs, standard spending assessments. What does it all mean and how has it been calculated? A bunch of number crunchers at the Department of the Environment in Marsham street have decided that my borough has a certain sort of need and that this is how much our standard spending assessment should be. It bears no relation to reality for Newham people and councillors. Indeed, I suggest that SSA could easily stand for "some silly sod's assessment," because it bears no relationship to what goes on in the London borough of Newham.

Mr. Wilshire *rose*—

Mr. Banks: I will not give way, because other hon. Members wish to take part in the debate.

Mr. Wilshire: It is a good point that I wish to make.

Mr. Banks: It will be the first one the hon. Gentleman has ever made, so I had better give way to him.

Mr. Wilshire: I am fascinated by the hon. Gentleman's debunking of the attempts of other people to assess what Newham needs. Can he confirm that it is Labour party policy that Newham should simply state the figure that it wants and the Government should provide it, irrespective of whether the borough needs it?

Mr. Banks: I am rarely consulted over Labour party policy, but were I consulted, I certainly would not argue for such a ridiculous idea. That is not what we want. We want a realistic assessment of the needs of the area, determined by councillors who know and who have to stand for election—

Mr. Wilshire: And then have the Government pay it.

"claims that his is an equitable solution. We claim that he has abandoned equity and substituted an arbitrary decision. He claims rough justice. We say that he has abandoned any semblance of justice in what he is doing in the Rate Support Grant Order."

The speaker continued:

"It is no good trying to explain to them"—our constituents—

"an increase in rates by reference to the resources element, the domestic element, the needs element, the relevant expenditure, and so on. They say 'I still have to bear a certain percentage of the increase in rates, and what are you going to do about that?'"

The action urged on me and my hon. Friends was to protest in the only way possible and

"to vote against the order tonight."—[*Official Report*, 25 March 1974; Vol. 871, c. 60-61 and 70.]

My right hon. Friend the Prime Minister led the Conservative party into the Lobby against the RSG order having made that excellent speech. Therefore, let us not lean too hard on the argument that Conservatives should not vote against the RSG report. That argument does not hold up.

The final reason for voting against the report is not just about money. This is the first time that we have debated the new style RSG—the new regime and structure for funding local government. A better grant system was an integral part of the reforms, of which the poll tax was but a part.

I shall quote from "Paying for Local Government", which was written in the optimistic prose of the present chairman of the Conservative party almost exactly four years ago. It says:

"Effective local government must be the cornerstone of successful local government. All too often this accountability is blurred and weakened by the complexities of the national grant system. . ."

Amplifying that criticism, the Green Paper says:

"Central Government grants are calculated in a complicated way that conceals the real cost of local services from the electorate."

Looking ahead to the new system, we were promised

"a grant system which compensates for real differences in local authorities' needs, and provides additional help in the form of a flat-rate sum per adult."

Chapter 10 stressed the need to

"develop a grant system which was more understandable and did not obscure the link between changes in local spending and changes in local taxation."

The House is entitled to ask whether the report lives up to those high expectations.

I listened to my hon. Friends say that they can live with the community charge but do not like the RSG settlement, but the reasons why they do not like it are inherent in the philosophy of the community charge—the jump in taxes for those who live in low-rated property in the north-west; the redistribution of wealth from the less-well-off to the better-off; the problems for those who move to smaller accommodation to reduce their costs but find it not worthwhile; the increase in the number of people on benefit—that objection was put forward by my hon. Friend the Member for Brent, North (Sir R. Boyson)—the sheer bureaucracy and expense of a tax designed to catch everybody, regardless of means; and the problems of evasion and enforcement. Those are objections not to the RSG settlement but to the principle of the community charge.

Tonight, the House is asked to pay the bill for this reform. Despite the respect and admiration that I have for my right hon. Friend the Secretary of State, that cheque will not have my signature on it.

9.2 pm

Mr. Eddie Loyden (Liverpool, Garston): I shall try to be brief. All the fears that we had about the poll tax have been more than confirmed by the reports before us.

The figures bandied about by Ministers will be meaningless to many people. We should concentrate on why the Government decided to introduce the poll tax, which has no friends of any standing in the political, industrial or economic world. It stands condemned by almost every section of society. The revaluation in Scotland panicked the Government into taking ill-thought-out measures, the evidence of which is before us tonight.

I want to deal with the points made by my hon. Friend the Member for Newham, North-West (Mr. Banks). The Government have conducted warfare against local authorities since 1979. They have made it virtually impossible for local government to fulfil the needs of people at a time when public expenditure has become more necessary for several reasons. One reason of which we are all aware in my area—and it is probably true of all the major conurbations—is the ageing population, which requires more help from social services. A commitment from local authorities is necessary to relieve the worst excesses of unemployment. Changes are taking place in local government because of falling rolls. Although the population is declining, it is still the responsibility of local government to maintain excess school buildings, and roads. That has created great problems for local authorities. I wonder whether the Prime Minister ever visits an inner city? If she did, she would realise that since the Government came to power inner cities are becoming impoverished to the extent that there is not a road to walk down in my constituency that is not riddled with potholes and in a state of decline and decay.

Government policy has left local government incapable of providing for the needs of the people whom it represents. When the Liverpool city council decided to tackle the prevailing slum conditions and the badly designed post-war housing, and it began building bungalows for elderly people and pulling down the worst types of multi-storey flats, it was accused of being irresponsible. If the Government think that it is irresponsible to house people decently or to make provision for leisure centres, there is something wrong with their thinking. Those changes were necessary to benefit the local people.

The Government know nothing about what is happening in the inner cities. If they did, they would not introduce the poll tax. In my area and those of all my hon. Friends, it will be a question not of people not paying, but of being unable to pay the poll tax—they will have no choice in the matter. With existing levels of poverty in our towns and cities, that is the inevitable consequence of the imposition of the poll tax for many people. The party that is supposed to represent the retention and sanctity of the family unit will be responsible for parents chasing their children from home because they cannot afford to pay the

[Mr. Eddie Loyden]

additional costs of having two or three young people living with them. The Prime Minister should accept that the responsibility for that lies at the door of the Government.

I hope that tonight it will not simply be a question of the nitty gritty of the poll tax that is opposed by Conservative Members. No comprehensive view has been expressed by the Tory party on the poll tax. Conservative Members are looking for minimum concessions to satisfy their constituents while they are biting on the ballot before the next general election.

The tax is unfair, iniquitous and has no right to be introduced. If this is an honourable House—as it is supposed to be—the “No” Lobby will be packed and this legislation ditched in the dustbin of history, where it belongs.

9.3 pm

Mr. Neil Hamilton (Tatton): I have had two unusual experiences this evening, one of them pleasurable. The pleasurable experience was that I agreed totally and enthusiastically with my right hon. Friend the Secretary of State for the Environment. The unpleasurable experience was that, unfortunately, I had to disagree with my right hon. Friend the Member for Brent, North (Sir R. Boyson), whom I have known for a long time. I used to have even more in common with him as when we first met I also had whiskers. We have diverged in few other respects during the past 20 years, so I am sorry to have to diverge from him this evening.

Some Conservative Members take a principled view on the reform of local government expenditure. My hon. Friend the Member for Ealing, Acton (Sir G. Young) has a principled objection to the basis of the change to the community charge. Other Conservative Members, who will oppose the Government in the Division Lobby, do not take the principled view against the change in the tax but object to a facet of it. I regret that some of my hon. Friends will join the principled rebels in the Division Lobby because that is unnecessary.

Unfortunately, there is an air of utopianism about those who oppose the change to the community charge. They seem to seek a perfect solution. As my wife continually reminds me, when she was looking for a husband she was realistic and sought the least imperfect of the available options, so she chose me. In respect of local government finance, we must choose the least imperfect of all the options. The community charge corresponds to that description. Everyone knows that the existing system is arbitrary and incomprehensible. Because of that arbitrariness and incomprehensibility, the system lacks any meaningful accountability. Most of the complaints that we have heard in the debate arise from the revelation of the arbitrariness and incomprehensibility not of the new system but of the old. The revaluation of the rateable values of property, above all else, reveals for the first time the iniquity and inequity of the previous system.

I shall support in the Division Lobby not the move to a perfect system but the move from an unfair system to a less unfair system. The virtue of the new system is that it has simplicity and transparency. That transparency is to some extent diluted because of the introduction of community charge benefit. One in four of all community charge payers will receive some form of benefit to cushion

the effect of the change. That will cost nearly £2 billion next year. In addition, transitional relief will cost £700 million over three years and will have 6 million beneficiaries. No Conservative Member can say that the Government have not attempted to meet the criticisms of those who oppose the new system, many of whom will, alas, vote in the Division Lobby against us this evening.

The Government are correct to keep the lid firmly down on aggregate local government expenditure, because it constitutes about one quarter of all Government expenditure. Any Government who believe in keeping tight, firm control over public spending as a macro-economic tool must appreciate that local authorities cannot run riot with public spending, because that undermines the Government's economic policy. That tight, firm control must be the aim of any Government, even a Labour Government. Previous Labour Governments had difficulties of this kind, too. I welcome the change from the incomprehensible old system of GREA to the new standard spending assessments.

No one can argue that the increase in SSAs for next year is unreasonable. The Government have accepted that an 11 per cent. increase in local government spending for the coming year is reasonable—that is much higher than inflation. The total amount that local government should spend, according to the Government, can increase by what I regard as a more than reasonable amount. There are local authorities—usually Labour—that intend to spend a good deal more than that. My council, Cheshire county council, which is responsible for 92 per cent. of all local government spending in the county, proposes to increase its spending next year not by 11 per cent. but by more than 19 per cent. In addition, it will have to find the equivalent of another 5 per cent. of its total spending because, having emptied the tills last year in advance of the county council elections in order to blow the lot on a vote-buying spree, it will have to top them up again. Next year, Cheshire county council will have to find the equivalent of a 25 per cent. increase in its income. My prophecy about the likely levels of the community charge has been undermined by that proposal.

Mrs. Ann Winterton (Congleton): My hon. Friend has been describing the overspending of Cheshire county council. Does he agree that to make the county councils more accountable, we should have elections every year rather than once every four years? Does he agree further that the time is fast approaching when the county councils should be abolished and that many of their services should be devolved to the boroughs or to central Government?

Mr. Hamilton: I have no difficulty in agreeing with my hon. Friend and neighbour, the Member for Congleton (Mrs. Winterton). The role of county councils will diminish gradually and “wither away”, to use a Marxist phrase which is now out of fashion in the Labour party. As more and more schools opt out of the local education authority system, the rationale for the county councils will ultimately disappear.

Cheshire county council is controlled by an alliance of the Labour party and Liberal Democrat councillors. In my constituency, the Liberal Democrat councillors are now squealing about the high level of community charge that the county council will impose on us, which is the direct result of spending decisions that they themselves have taken. They are now trying to disclaim any responsibility

and are trying to have the penny and the biscuit. Fortunately they will not get away with it. In future local government elections, the electors will have a simple choice—whether they want the council to spend more or less. That will not only make local government more accountable, but will restore the importance of local government issues in local government elections. They will no longer be the equivalent of opinion polls on the standing of the Government at Westminster, but will restore interest in local government and accountability. That will transform the basis of local government, which will benefit everyone.

As my hon. Friend the Member for Congleton pointed out, we shall not have county council elections for several years. The results of the county council elections last year will prevent the community charge from having the beneficial effects for which we all hope for at least another two or three years, not because we are stuck with this Government, but because the decisions that local government electors took last year were not based on sensible local government issues, but on national issues. In the case of a county council such as Cheshire, which intends to spend enormously above the standard spending assessment, my right hon. Friend the Secretary of State should seriously consider charge capping. There is every reason for doing so. If the electors do not have the opportunity for several years to pass their judgment on the spending pattern of the local authority, that is the only way in which the interests of the community charge payers in Cheshire can be protected.

I also very much welcome the change from the old business rate to the national non-domestic rate, which will especially benefit the north. I am astonished that Opposition Members object in such vocal terms to the change in the business rating system as there is no bigger boost for the north and for the midlands. Manufacturing industry especially will have enormous reductions in its charges in cities such as Liverpool and Manchester.

I had much sympathy for the hon. Member for Dagenham (Mr. Gould) when I heard him earlier because he was unable to demonstrate a policy in opposition to the policy that my right hon. Friend put forward. I had thought that the Labour party policy review was intended to decide what policies the Labour party should propose, but in fact the Labour party policy review was intended to decide whether to have a policy. It seems that the Labour party has decided that it is far safer not to have a policy. I hope that the hon. Member for Dagenham will be present tomorrow for the debate initiated by my hon. Friend the Member for Eastbourne (Mr. Gow), when we shall be debating a motion which says that the Labour party's policy deserves scrutiny by the House. He may then be able to give some of the answers that he was unable to give us today.

It is utter hypocrisy for the Labour party to oppose the motions tonight as it is unable to offer an alternative and only criticises for the sake of it. However, the day of reckoning will come for all those overspending Labour authorities because at the general election, the people will see the cynical trick that the Labour party is trying to impose on us and once again, they will restore a Conservative Government to Westminster. These motions and our policy on the community charge will contribute considerably towards that.

9.19 pm

Mr. David Blunkett (Sheffield, Brightside): First, let me thank the Minister for Local Government and Inner Cities and his office for providing me with information in a Brailleable form. I understand from the media that he has been invited to advise the Polish Government on decentralisation and the establishment of democratic local government. I wish the Poles well. Once they have learnt about our system they may well feel that General Jaruzelski has a great deal to offer. I imagine that they will yearn for a poll tax and for water privatisation like a hole in the head. I wish the Minister luck with his advice.

It is 11 years since the big experiment in tinkering with local government and local democracy began. Today's debate and its subjects—the standard spending assessment, the safety net and the new distribution system—are the culmination of 11 years of interference and muddle. As we have said on a number of occasions, each change has brought its own nightmare for the Ministers responsible. Ministers have asked civil servants again and again to devise new ways round the labyrinth that they have created. They have created new obstacles that have had to be overcome. They have tried to find ways of preventing local government from using ingenuity. Then they have blamed local government for using ingenuity. Then they ensured that there were low spending targets that bore no resemblance to reality, and blamed local government for not managing to meet those targets. When local government could not meet those targets, the Government cut grant and suggested that local government was to blame for not managing the impossible.

We have come full circle since the Local Government, Planning and Land Act 1980 and the introduction of the new block grant system—all the way round to the poll tax and the new standard spending assessments. Environment Ministers are facing the dilemma that every Environment Minister has faced since 1979. If they are determined to block the local democratic system and to fix the amount that local authorities should spend, they must take the consequences.

Earlier today, we had the challenge from the Secretary of State: if local authorities do not spend near to the targets that they have been set, the Government will introduce poll tax capping. The chairman of the Conservative party advised strongly against rate capping four years ago. He was rapidly moved from his post, but since then he has undergone a resurgence, so perhaps there is hope yet for the Secretary of State for the Environment. The chairman of the Tory party advised that capping was undemocratic and intellectually unjustifiable. Of course it is, especially coming from a Government who claimed that the poll tax brought new accountability and new choice to the voter.

The Government cannot have it both ways. They cannot suggest that local electors will be able to choose the local administration that they want and determine the amount that it spends through the new system and then, in the next breath, propose to stop that happening. Matters are made worse by the fact that the Secretary of State has so often repeated the brief that he was originally given, which said that the community charge puts the community in charge. It was a trite phrase when it was used on 6 November. Now that poll tax capping has been dreamt of so that the Government may wave a stick over local authorities, and that phrase has seemingly been forgotten,

[Mr. David Blunkett]

it is shown in a hypocritical and disgraceful light. One Conservative Member had the audacity to let the cat out of the bag when he said that capping would be necessary until democracy "started to work better". In other words, democracy is fine, so long as it yields results for the Conservative party. As the right hon. Member for Brent, North (Sir R. Boyson) would put it, that is quite immoral. It is unnecessarily provocative and leads to the assumption that the Government have not only got their figures wrong, but their assumptions that the poll tax would prevent public spending and hold down spending levels by resulting in further cuts in public services have also been proved wrong.

I challenge the Secretary of State on the figures he gave this afternoon in relation to whether central or local government have increased its spending most in recent years. Taking 1978-79 as the base level—the year the Conservative Government came in to office—and the current financial year of 1989-90, central Government spending has increased by 177 per cent. in cash terms, whereas local government spending in cash terms, even taking into account the transfer of housing benefit to local government, has increased by 146 per cent. Those figures come from table 4.4 of the public expenditure White Paper and they are the honest truth. Under the Conservatives, central Government have increased their spending whereas local government has had to cut its spending. Of course, it is central Government who have increased the overall general level of taxation and local government which has got the blame for what has happened at local level. As inflation has risen, as the problems of local government have increased, as grants have been cut to the tune of 5p on national income tax, local government and the rating system have been blamed for the resulting anomalies and difficulties.

However, tonight, some Conservative Members have had the audacity to say that if the electors of Conservative authorities are faced with large poll tax bills, it is because of a mistake in the way in which the Government have operated the safety nets, the transition, or the standard spending assessment formula. However, if Labour authorities are likely to be spending over the Government's targets, they say that that is because of profligacy and uncontrolled public spending. The Government cannot have it both ways. If Tory authorities are miles over the likely spending targets—if Conservative boroughs cannot keep down to the £278 level—and if neighbouring Labour-controlled authorities are in exactly the same position, the same reasons must, of course, apply.

The reasons that apply tonight are simple. The system is not working properly. Indeed, it cannot work properly because it was predicated on the wrong assumptions in the first place. If a tax initially attempts to take a flat rate from every adult, but rebates, transition, and safety nets then have to be introduced, if the standard spending assessments then have to be altered to try to help, and if there is then something called special grants, which are commonly known in the Department of the Environment as "the Pendle factor", which means "saving Conservative seats", all that adds up not only to muddle and confusion, but to an impossibility for local government which is already struggling with a variety of problems and difficulties.

Mr. Thomas Graham (Renfrew and Inverclyde): Does my hon. Friend know that in Scotland many people who are entitled to a rebate are not getting it? When I wrote to the Minister, I was told that rebates were too costly to administer if they were for less than, say, £25. Many people in Scotland, including elderly and disabled people and desperately poor people, are not getting their rebate because the Government do not think that £25 is enough for them to claim. That is lamentable. The problem is that the Government are taking from the poor. Although they guaranteed to give folk their rebates, people who are entitled to them are not getting them.

Mr. Blunkett: I appreciate the particular problems that have already been experienced in Scotland and especially the difficulty and confusion that there has been about the rebate system.

I advise the Secretary of State and his Minister of State that if they introduce poll tax capping this year on top of the existing administrative chaos that will result from transition, special help and the rebate system, they will create the most incredible havoc in local government, which could not possibly have been envisaged, as local authorities try to return to poll taxpayers the amount that the Government have specified, while cutting services to make that possible.

I must make it clear that the rebate system already results in major confusion. Even in a Tory borough such as Harrogate which is fairly well off, the Government's television advertising has resulted in 5,000 coupons being returned. The district treasurer believes that only 2,000 people will be found to be entitled to relief.

There is already a problem in local government administration. District treasurers across the country are spelling it out. Two thirds of local councils will have to raise between £60 and £100 on top of the Government guidelines in order to maintain their present level of spending. The Chartered Institute of Public Finance and Accountancy has already spelt out in a recent study that the Government's belief that only 15 local authorities in England will spend over £350 in the coming year is sheer mythology. At least 139 authorities, and probably many more, will spend more than £350. If the Secretary of State chooses to rate-cap authorities on the basis that they spend 25 per cent. or more above their assessment or notional figure, he will have to rate-cap in excess of a quarter of local authorities in England.

On the figures currently available, the Secretary of State will have to rate-cap his own district council in Bath. I look forward to his going to Bath, Roman helmet in hand, to say that the figures that he dreamt up, upon which the council will be rate-capped, are right.

Mr. Chris Patten: The hon. Gentleman will be interested to know that if it was left to the district council in Bath, it would have no difficulty in coming within the figures that we have suggested. If there are problems in Bath, it will be because of the overspending by the county council, which proposes a budget increase of 15.7 per cent. next year.

Mr. Blunkett: It is always someone else when it is a Tory council. The burghers of Bath must be seething about what is happening to them. Whatever the reason, it will be the district council that the Government will have to cap. It would have to levy that particular rate in that district. The Secretary of State should face his poll tax capping