

[When a council tax freeze is not a freeze](#) [1]

Written by [Sam Bowman](#) [2] | Tuesday 21 February 2012

Councillor Colin Barrow, leader of Westminster Council, had a [post on Conservative Home yesterday](#) [3] boasting about Westminster's council tax freeze:

Today Westminster's Cabinet will confirm our intention to freeze our council tax for a record fifth year in a row, whilst at the same time responding to the concerns of our residents by putting an additional £2 million back in to street cleansing for the coming year.

Sounds good. Except that, in exchange for freezing council tax, Eric Pickles is [offering councils a payment equivalent to a 2.5% rise](#) [4] in their council tax in exchange for freezing their rates. In other words, Westminster's council tax "freeze" has come at a cost to the rest of us that do not live in Westminster and might be facing rises in our own council tax. Eric Pickles's money is taxpayers' money, so this "freeze" is in fact a tax hike for everyone else so that Westminster council can look prudent.

There's a bigger point here than just the deceptive use of taxpayer money. That the central government can do this sort of trickery to allow councils to look prudent (and to avoid bad headlines for the government) points to a much deeper rot in the system. Councils only get about a quarter of their funds through council tax ? the rest is from national taxes and centrally-collected and -allocated business rates. The idea is to use government to redistribute between rich and poor parts of the country. This bears the same zero-sum thinking of all redistributive taxation.

A much better approach would be to devolve fiscal, tax and regulatory powers to councils, so that the poor parts of the country can grow their way into prosperity. If the Barking and Dagenham Council could slash business regulation, it could stimulate business and attract investment to enrich its residents. If the plain people of Islington don't want laissez-faire, fine, but they shouldn't stop poorer places from enriching themselves by cutting back the state.

Alas, it's unlikely to happen. As long as councils are dependent on the central government for most of their funding, their "constituents" will not be council taxpayers but government pen-pushers. No wonder they're happy to boast about tax "freezes" that cost taxpayers even more money.

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