

Stroud Against the Cuts
C/O The Exchange
Brick Row
Stroud
GL5 1DF

Tuesday 8th February, 2011

Dear [Insert Name], District Councillor for [Insert Place],

Our understanding is that Stroud District Council (SDC) faces reductions in Government Funding that are among the most severe in the country. We call on councillors to oppose these cuts, demanding individual councillors take four steps which we outline below.

Before stating these demands, it is necessary to first make the situation clear, as SDC has done so: **“For 2011/12... Stroud is one of 12 councils with the largest decrease of 16.80%.** The average decrease in Formula Grant for 2011/12 for all authorities across England is 9.93%... **For 2012/13... Stroud is one of 12 councils with the largest decrease of 13.50%”** (1)

As SDC explains – “Allowing for adjustments and transfers of responsibility... there is a reduction in Formula Grant from £6.546 million in 2010/11 to £5.446 million in 2011/12 and £4.673 million in 2012/13... **These decreases are the largest faced by any local authority in the country.**” If we add in the SDC estimates for 2013/14 and 2014/15, **the total cut to annual council funding by central government will amount to at least £3.453 million** over the next 4 years.

We understand that SDC is thus planning to cut spending by more than 10%: a “decrease in expenditure of 10.68% on last year’s budget after adjustments for changes in function and funding”.

We the undersigned, as members of the group Stroud Against the Cuts, state our unequivocal opposition to these cuts and call for councillors to do the following:

1. **To make public statements as individual councillors indicating their opposition to the reduced settlement from central government**
2. **To vote against any budget proposed by SDC that incorporates and thus implicitly accepts these cuts**
3. **To demand that central government provide SDC with adequate funding to continue running services without any cuts for the local population.**
4. **To develop and push an alternative “Needs Budget” that will see no cuts locally** (2).

We expect that those Councillors who oppose the cuts will not implement any cuts budget.

To implement such a “Needs Budget” (3), the council would need to increase the use of reserves (4) and use prudential or unsupported borrowing (which could be done at the current very low interest rates). We accept that these strategies could not be continued indefinitely. They would have to be accompanied by councillors demanding sufficient funds from central government. Stroud Against the Cuts would help to mobilise the local community in support of such a campaign.

Contrary to Coalition claims that there is no money left, the Tax Justice Network and Public & Commercial Services Union estimate that at least £120 billion of tax does not reach the exchequer *each year* (5). If George Osborne can find £7bn for Irish Banks, surely he can find £3.5 million for the people of Stroud.

We believe that such a “Needs Budget” is a far better way to meet the aims of SDCs Corporate Delivery Plan 2010-14, in which the council states that “Stroud District Council will work to ensure the efficient and effective service delivery for the people who live in, work in, and visit Stroud”.

Yours sincerely,

- (1) All quotations from SDC are taken from "The General Fund Revenue Budget 2011/12 and Medium Term Financial Plan 2011/12-2014/15" Report presented to the Special Meeting of Cabinet, 6th January, 2010 unless otherwise stated. Emphasis has been added. The report is available here: http://www.stroud.gov.uk/info/members/cms_documentation/Ag8_MTFP.pdf.
- (2) No councillors implementing such a "Needs Budget" would face any fines or imprisonment. Where such a budget has been proposed in other authorities it has been deemed "unorthodox" but not illegal. Stroud Against the Cuts would support any councillors taking a "Needs Budget" position from any opposition.
- (3) It is important to state that "Section 32 of the Local Government Finance Act 1992 as amended places a duty on the Council, as Billing Authority, to calculate before 11 March 2011 its budget requirement for 2011/12." In other words, a "Needs Budget" need not be fully drafted for presentation at the Budget Setting Meeting of Thursday, February 10th.
- (4) SDC already plans to "close some of the reserves or transfer balances to other reserves", "effectively reduc[ing] the number and value of reserves held". The council already accept that "there is some potential to re-direct some of these resources [reserves] to support service improvements in line with the Corporate Delivery Plan", we are arguing that in refusing to accept central government settlement, SDC should expand this potential.
- (5) The figures are broken down as follows: £26 billion goes uncollected annually, while a further £25 billion is lost to tax avoidance and another £70 billion to tax evasion each year. For more information see: <http://www.taxresearch.org.uk/Documents/TaxGapResponse.pdf> <http://www.pcs.org.uk/en/campaigns/tax-justice/>, or "There is an alternative: The case against cuts in public spending" <http://www.pcs.org.uk/en/campaigns/campaign-resources/there-is-an-alternative-the-case-against-cuts-in-public-spending.cfm>