

George Osborne's council tax freeze is playing games with spending, and will damage growth

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One of the key points of George Osborne's speech to the Conservative Party Conference today was his announcement of a further council tax Freeze. The Social Market Foundation's, [Ian Mulheirn](#) finds that while it may make Osborne more popular, the move is effectively a further public spending cut.



In his [speech today](#), George Osborne made himself popular with delegates by announcing that he's found £800million to freeze council tax bills in 2012-13. In fact this was something he announced back in 2008, but was later quietly dropped.

The council tax giveaway isn't the only magic money the Government has found recently. Two weeks ago in Birmingham, Danny Alexander dug out £500million from the back of the Treasury sofa for new infrastructure spending too. But in austerity Britain, one is bound to ask where are the Treasury duo getting all this money from: haven't we all been told that the cupboard is bare?

In reality all this cash is coming from this year's under-spending by Whitehall departments. The Treasury gets tough with departments that blow their budgets, but when they under-spend – as they inevitably do – it snaffles the spare cash from *this year* for shiny new policy announcements like tax freezes and new investment for *next year*.

It's disappointing that Whitehall spending rules seem designed to help boost ministers' popularity by routinely allowing them to announce spending twice. But this is nothing new and successive governments have played the same games.

What's concerning is that these games are being played at precisely the wrong time given the weak state of the economy. By shifting money that should have been spent this year into 2012-13, the Government is effectively cutting public spending further than planned in 2011. With growth tanking, now is precisely the wrong time to be doing that.

This article first appeared on the [SMF Fringe blog](#) on 3 October.

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