

I'd like to thank Conservative Intelligence for organising today's Conference. With new council administrations and new councillors taking their seats, it's very timely.

However, if you were watching television last night, you could be forgiven for believing that the end of the world is nigh in local government and all things we hold dear.

It must be true. It's on the BBC.

“The Street That Cut Everything”

Communities so badly hit by council cuts that the streets are no longer cleared.

That rubbish piles up in the street.

That street lights go off.

To help realise this impending vision of doom, the BBC even helpfully spent licence fee money on hiring dogs to foul the street.

Such hyperbole is the very epitome of the left's attack on the Coalition...

“Savings can't be made”.

“Coalition cuts will mean the end of council services as we know it.”

And in that same spirit of reasoned debate, the trade union *Unison* issued a press release two days before the local elections.

As you know, we’re looking to catalogue and review outdated and unnecessary statutory burdens on local authorities.

Yet Unison warned this would mean -

- Strip clubs on every corner.
- Soaring domestic homicide.
- Paedophiles running loose.
- Bodies piling up in the street.

All this from a bit of localism?

The left diminish their credibility with baseless attacks like that.

But it illustrates that the left have to resort to extreme exaggeration as they don’t have the confidence to rebut our basic assertion... that councils can make sensible savings **and** protect the frontline and the vulnerable at the same time.

This Government is having to reduce grants to local government. Every bit of the public sector needs to do their bit to help pay off Labour's budget deficit and to ensure economic stability.

Gordon Brown – and his advisers like Ed Balls and Ed Miliband – left the largest budget deficit in our peacetime history.

Under Labour, the government was due to borrow £425 million every single day. The Coalition's savings will help eliminate the structural deficit by 2014-15.

This will help keep interest rates down, encourage firms to grow and invest, and reduce the astonishing amount of taxpayers' money that would otherwise be spent on debt interest.

As with a credit card bill, the longer you leave to pay it off, the worse it gets. If a government lives beyond its means, it will just mean higher taxes and deeper spending reductions in the future.

Some have called for local government to be immune from these savings, or the savings should be made further down the line.

Yet local government accounts for a quarter of all public spending. You can't pay off the deficit and leave a quarter of government spending untouched.

This is especially the case when we need to increase spending on services like the NHS as demographics change and our society gets older.

Even the Labour Government was planning to frontload their spending cuts – with £14 billion out of their planned £44 billion of departmental cuts happening this year.

Unprotected departments, which include local government, would have received a larger average real terms cut under the Labour's plans, than they are under the Coalition.

This is because the Coalition's welfare reform initiatives and reduced debt interest repayments will save taxpayers' money.

But despite the need to make savings in local government, the idea that council budgets are being cut to the bone is simply untrue.

This year, councils' revenue spending power will only fall by an average of 4.4 per cent.

Councils' revenue spending will still be over £53 billion this year – hardly the street that “cut everything”.

Labour have been attempting to divide the country by playing off different parts against each other.

Metropolitan versus Shire; North versus South.

Yet the most deprived areas continue to receive far, far more government grant per head. Tower Hamlets receives £1,000 of formula grant per head. Wokingham just £142.

The most affluent areas and most expensive homes contribute far more in council tax per head.

Every man, woman and child pays an average of well above £700 a year in council tax in the likes of Richmond-upon-Thames or in West Dorset. This compares with in the region of £350 a head in Manchester or in Hull.

The total picture is complex.

So I am publishing today figures and a heat map which show total spending per head, for each council area across England. Government grant and council tax revenues combined.

The biggest spenders are deprived London councils - Hackney at almost £2,000 a head per year. Urban Mets follow closely behind.

The average spending across the country is £1,000 per head.

The councils with the lowest spending are predominantly rural and suburban.

Windsor and Maidenhead spends just £715 a head.

Yet [at the risk of flattering Liam], Windsor and Maidenhead has some of the best services in the country.

How? Because the tale of the Spending Review and Local Government Finance Settlement is simply this:

It's not how much you spend, but how you spend it.

During the local elections, Conservatives highlighted how our councils deliver better quality services and still charge the lowest average council taxes on comparative Band D bills.

We exposed how Labour councils were opposing transparency and championing secrecy to hide their waste.

And we criticised Labour for intentionally cutting the frontline – pursuing a ‘bleeding stump’ strategy, playing politics with people’s lives for partisan advantage.

I think that strategy worked. The public understood and agreed with the need to pay off Labour’s deficit and to cut the waste. And they appreciated that councils could make sensible savings by innovation and still protect the frontline.

By contrast, some in local government didn’t spend their airtime attacking Labour’s fiscal legacy; exposing the waste of Labour councils; or even highlighting the work of their own councils.

Instead, some of them attacked the Coalition and the deficit reduction programme. Their bluster, drowned out other Lib Dem councillors who defended the Coalition’s economic policy.

It’s not for me to tell other political parties how to campaign. After all, we are in Coalition nationally, and not (as a whole) locally.

But the fact is the Spending Review and the Local Government Settlement was a collective decision of both the Cabinet and the Coalition.

The public knows that councils – and indeed central government – can deliver better value for money, if they really wanted to do so.

This is not to say that making the savings to council budgets won't be challenging for councillors and for council officers.

It's very easy to salami-slice budgets and cut the frontline. But that's the lazy Labour option.

It's far harder to deliver transformational change, finding new ways of working.

Clever councils saw the fiscal crunch coming. They built up their reserves to spend on a rainy day. And they started zero-based budgeting.

The phasing of the deficit reduction programme makes transformation and innovation essential.

But the phasing also makes such change more likely to happen in the first place.

If we had back-ended the savings, and didn't care about paying off the deficit, how many town halls would just coast along – and then just cut services in the final years?

Transparency is at the very heart of this transformation.

All councils – with the exception of Labour-run Nottingham – are publishing spending over £500 online, empowering a new army of armchair auditors to drive out waste.

The publishing process itself will save money. Experian reckon councils waste £150 million a year just in duplicate payments.

In Labour-run Islington, an independent audit of just 30 of the councils' top 500 suppliers found that:

- Many invoices had even been paid two or even three times over.
- Four out of ten suppliers had no formal contract.
- £5 million of council tax payments had disappeared down the sofa when the town hall changed its IT systems.
- And a £1 million of funds were sitting in a “suspense” account for four years because officers didn’t know which department it belonged to.

That is why this year, we will be drawing to the press and public’s attention their legal rights to enter councils’ offices and

physically inspect the accounts, the ledgers and even the receipts.

It's far more powerful than Freedom of Information, and I suspect, it will be far more fun when people turn up.

Residents of Nottingham: you know where to visit this summer. To coin a phrase from Jerry Maguire, Show Me the Money!

But the transparency revolution is only just beginning.

We are working with local authorities to improve the way the data is published to a more open and standardised way – to allow greater analysis, syndication and ‘mashing up’ of the data.

We will have been consulting on a Recommended Code of Practice on Transparency:

- This will open up councils' contracts and tenders over £500.
- Their grants and payments to the voluntary and social enterprise sector.
- Councillor allowances, expenses and committee decisions.
- The details, salaries and job titles of staff paid over £58,000 – equivalent to the senior civil service.

But if you want to see the future, it's already online.

The Missouri Accountability Portal

The website is *mapyourtaxes.mo.gov*

It's a Republican initiative – creating an online portal for the citizens of Missouri to see how their tax dollars are spent. Listing the spending, the contracts, the salaries, even the tax dodgers.

Data so detailed and so accessible, that one can find out that

A “Tony Blair”

Maintenance Supervisor in the Department of Corrections.

Earned \$34,000 last year.

I knew he was spending a lot of time in America, but...

The Labour left really won't like this level of openness. It will help make the council non-job an endangered species.

It shouldn't have to take campaigning organisations like the Taxpayers' Alliance to make hundreds of FOI requests to reveal, *for example*, there are over 2,500 full-time trade union officials covertly working in the public sector at taxpayers' expense.

America has led the way. But I believe Britain can do even better. There are so many more datasets that can be opened to the sunlight of transparency, not just to save money, but also to improve and transform services.

In London, the Mayor is already opening up Transport for London data – from live Tube journeys, to traffic data, to the location of bus stops and Boris bikes.

There's great potential for more.

Take food hygiene data.

If councils could publish it in an open and standardised format, it's only a matter of time before volunteers and the online community would use it in creative ways.

I personally look forward to the iPhone app which tells you to avoid the most skanky kebab vans.

Or take councils' job vacancy data. Open it up. Let's break the quasi-monopoly of *The Guardian's* Job Pages.

Let anyone mash up councils' raw job data as they see fit.

We don't need to build a massive public sector jobs database at public expense – an IT project which would no doubt run over-budget and behind schedule. No, instead, just **set the data free**.

Electronic government can also significantly reduce the average cost of customer transactions. An online payment or electronic correspondence is cheaper and quicker than cash or hard copy equivalents.

I want to review the barriers which prevent electronic transactions in local government.

Utility companies routinely offer discounts for customers using online billing and making direct debit payments.

Certainly, we must remember the need to protect the digitally excluded. But there is great scope to use technology to increase customer access **and** lower costs.

Regulations currently prevent councils from doing the same as utilities with their council tax or business rate bills. Why not change this and allow discounts for e-billing?

Transparency can transform service delivery and the relationship between citizen and state. It can also highlight and improve procurement.

Take a ream of standard, A4, recycled, 80 gram photocopier paper - a “pile-it-high, sell-it-cheap” product.

Under Labour, its bin quango, WRAP, was paying £3.29 a ream. The House of Lords paid just £1.65.

The South West RDA paid £1.48.

Yet the Yorkshire RDA paid £3.20.

Paper may not sound like much. Yet the office stationery budget for the public sector is £850 million a year.

Many councils – like Hillingdon – are already using electronic auctions and the power of the internet to drive down procurement costs. E-auctions also open up contracts to small and medium firms, by levelling the playing field.

It's not just about paperclips. This is big money. Procurement spend across local government is £50 billion a year.

Respected industry experts – firms like Opera Solutions – have estimated that expert spending analysis followed by professional procurement practices could reduce local government costs by 10 to 20 per cent.

This represents savings to local government of up to £10 billion a year. This isn't a criticism of local councils – corporate bodies face exactly the same problems.

But attitudes need to be commercial. Challenges that Opera have identified include:

- Insufficient staff skills, as local government employees quite reasonably may not be procurement experts.
- A lack of sponsorship or buy-in from senior officers.

- A resistance to sharing and consolidation of procurement to get the best prices, as officers protect their territory.
- And the lack of consistent and clean spending data.

This just reinforces the need for political leadership from the top. And leadership is needed on fraud, not just procurement.

The National Fraud Authority has estimated that councils could save £2 billion a year by improving their prevention, detection and recovery of fraud.

Money currently lost to fraud and error costs every household almost £100 a year, thanks to the practices of increasingly sophisticated organised crime.

Robust fraud investigation and preventative strategies are vital, including making better use of data analysis and credit reference agency checks to identify risk.

Technology is great. But there are dangers.

In the draft Transparency Code, we've published a series of practical steps that council finance departments should take to prevent payment fraud.

Such as always seeking to double-check and verify when suppliers request changes to their bank details.

Just as home internet users need to be careful when we receive an email out from the blue offering a HMRC tax rebate; or a Nigerian banker drops you a line – needing a bit of help with his bank account transfer, so councils too need to be on their guard.

It's not just fraud.

As anyone with a credit card knows, your flexible friend can make spending that little bit too easy.

Take the Government Procurement Card – literally, the government's branded credit card.

It was intended to cut the red tape of filling out government Purchase Orders in triplicate.

But it's also meant the weakening of financial controls. There are now 140,000 procurement cards in the public sector, spending £1 billion a year.

40 per cent of that spending is by local councils.

In his government efficiency review last year, Sir Philip Green warned that there are insufficient checks to monitor spend.

The very ease of purchase has encouraged bad procurement, with large amounts of low-value transactions being made at over-the-odds prices.

And if you want a case study take our dear chum, the Audit Commission. The spending watchdog used its corporate cards to lunch its way across Whitehall in the finest restaurants London has to offer.

The Card allowed its staff to wine and dine:

- Ofsted at Clos Maggoire (billed as “one of London’s most romantic restaurants”),
- the National Audit Office both at Ebury Wine Bar and at Quirinale,
- the Local Better Regulation Office at Brasserie Roux,
- the UK Statistics Authority at The Ambassador,
- the Standards Board at The Olive Press,
- the British Library at the Reform Club,
- the Central Office of Information at Thai Pavilion,
- the Cabinet Office at Albannach,
- Labour’s Chief Secretary to the Treasury at Sofitel,
- even the BBC at Coq d’Argent.

When quangos lunch quangos, there will never be a dispute over who picks up the bill... It’s the taxpayer.

The sunlight of openness is the best remedy. My department is routinely publishing its spending data over £500, including Government Procurement Card spending.

I encourage every armchair auditor to ask their council or their favourite quango under the Freedom of Information Act what they've been spending on their corporate cards.

Nottingham is a great place to start.

As today's Conference title suggests, innovation and transformation should be the buzzwords of local government.

For my part, the centre is cutting back the red tape that gets in the way of local councils – from the convoluted Comprehensive Area Assessment, to the laborious Local Area Agreements to the bureaucratic Best Value.

The general power of competence in the Localism Bill – which receives its Report Stage today – will remove legal obstacles to joint working and creative improvement.

No longer can council officers justify keeping unreformed sprawling empires for their own sake.

Councils should share senior staff.

Combining chief executives with other councils or other public authorities, or even scrapping the chief executive post entirely.

Every authority needs a Head of Paid Service, but not everyone needs a chief executive.

We should share back office services, from planning to press, from HR to legal.

Does the country really need 350 different business rate collection departments?

When the recession started to bite, the private sector firms tightened their belts and worked to renegotiate prices.

Town halls should now do the same.

My own department is cutting its IT bill by 40 per cent by doing so.

And local authorities should catalogue and review their property. Hammersmith and Fulham have done just that, publishing online their property database for all to see.

This is an approach I am keen to be implemented across local and central government, particularly given the broader benefits of freeing up surplus public sector land to build more homes.

My own department at Eland House has floors of empty space, which despite the long, restrictive lease entered into by the last government, is prime real estate to be rented out.

Not just to the public sector, but alternatively, to any interested private sector body.

Indeed, it's even been suggested we lease our ground floor to Waitrose to give Marks and Spencer opposite us some healthy competition.

Hey, I grew up above a grocer's shop. We're open to offers.

Friends,

A good council will make sensible savings.

A good council won't wait for Whitehall to be innovative in its approach and transform service delivery.

A good council will trust the people – respecting their civil liberties, giving them choice, and working with the local voluntary and social enterprise sector to build the Big Society.

A good council will be open and transparent to its local press and local taxpayers, listen to local residents, learn and draw upon the feedback of its own elected local councillors.

A good council will keep council tax down. Council tax has more than doubled since 1997.

It's now £120 a month from people's pay packet or pension on a Band D home. People just don't have the money to pay more.

But let's not forget.

A good council will also get the basics right.

Emptying the bins each week.

Cleaning the streets.

Maintaining all the frontline services that the BBC and the left imply simply have to be cut.

Paying off the budget deficit is a challenge.

But get it right, it's also an opportunity to improve services and at the same time... prove the left wrong.

Can we do more for less? **Yes we can.**