

8 March 2006  
Your Ref:  
Our Ref: RFM  
Enq to: Bob Mather  
Direct Line: 01228 606260

Mr. Lee Burge,  
Room 3 / 12,  
Lyons Inquiry into Local Government,  
1 Horse Guards Road,  
LONDON  
SW1A 2HQ

Dear Mr. Burge,

### **LYONS INQUIRY**

As requested, I forward Cumbria County Council's response to the Consultation Paper and Interim Report issued on 15 December 2005.

Our response to the section on Local Government Role and Functions is heavily influenced by the attached report of the Cumbria Local Democracy Commission. This independent report, commissioned by the County Council, was issued on 7 February 2006 and includes 33 main recommendations.

I commend the Executive Summary (pages 7 to 18) but I hope you will also find helpful the detailed sections on issues such as locality working and community engagement. They give some pointers about the future approaches to service delivery and community involvement in sparsely populated rural areas. I also attach the initial response of the County Council's Cabinet on 28 February 2006. The Democracy Commission's Report has attracted the interest of the Local Government Minister, Mr. Phil Woolas MP, who received a delegation from the County Council on 6 March.

As for the future of Local Government Funding, the County Council makes the following points:

- There is some attraction in the approach which links central government funds with centrally determined services, and locally derived funds (such as council tax) with locally determined services. However, it is difficult to see how the principle could operate fairly across the country, without a significant amount of grant equalisation, which would then distort that simple principle.
- There is an urgent need to restore some greater clarity to the regime of Government grants to local authorities. The new arrangements in place from

2006/7 show some improvements, such as the two year settlement, but the basic system is more complex and obscure than the system of Formula Spending Shares which it has replaced.

- Whatever system of local taxation is used, it is important that the local tax base is updated at periodic intervals; so, the longer the delay in updating the council tax base, the more difficult it will be to manage the outcome.

Please let me know if you need any more information. I am copying this letter via e mail; you might also wish to know that the Cumbria Democracy Commission's report can also be found at

[www.cumbria.gov.uk/elibrary/Content/Internet/535/2656/38754164212.pdf](http://www.cumbria.gov.uk/elibrary/Content/Internet/535/2656/38754164212.pdf) .

Yours sincerely

**R. F. Mather**

**Deputy Chief Executive / Corporate Director – Finance and Central Services**