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Room 3.12
Lyons Inquiry into Local Government
1 Horseguards Road
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Thank you for asking us to comment on your interim report.

As you are aware, the City of London Corporation is first and foremost a business council. The issues that the Lyons Inquiry is now seeking views on are matters for local government in its widest sense and bearing in mind our unique role, we feel that there are others better placed to respond to those matters. However, we would like to take this opportunity to comment on the London issues and our own particular concerns.

As the Capital City, London is unique and has infrastructure needs that are different to other areas and cities in the UK. London is a significant generator of wealth and plays a pivotal role in driving growth throughout the UK economy. It continues to make a substantial net contribution (up to £18 billion for 2003/4). Conversely, it is home to some of the most diverse and deprived areas in the country. It is important for both these elements to be recognised and taken into account by the Inquiry and for solutions to be found that enable London to tackle its own issues with its own resources.

In support of this agenda, I believe there should be more flexibility for local councils to raise revenue by setting their own business rates. It would also help build closer links between local businesses and their local authorities. The concept of Business Improvement Districts is a good example and this is something that could be built upon and developed. It may also be worth

exploring the possibility of recreating the old London Rates Equalisation Scheme which redistributed money within London.

Regional banding of the Council Tax is another example of where the introduction of a fair and equitable system is called for that does not disadvantage Londoners when compared to other parts of the country.

As regards the City in particular, you will be aware from our previous submission that we would like our position within the national system of local government finance to be changed radically. This is because our primary constituency is business and in contrast to all other local authorities in England, the City will never “fit” comfortably with any national system of needs and resource equalisation. Trying to accommodate us in this system forever complicates life for all concerned.

It is, therefore, in everyone’s interests for the City to be outside the current RSG system and instead establish a City Offset from the business rates collected in the City which equates to its “fair” entitlement under RSG. This Offset would then be uprated by the annual increase in Aggregate Exchequer Grant. The City should retain its power to levy a Business Rate premium. Issues such as Police Grants would need to be considered. This proposal would, of course, need to be modified if the general proposition to relocalise the business rate were to be a feature of any new system of local government finance.

In terms of governance, London’s structure is now well established with the Mayor and the GLA operating with the 32 boroughs and the City. The ODPM’s current review of Mayoral and GLA powers seeks views on the devolution of power from government to the region. An example is whether the Mayor should have a greater say over planning in London. Our view on this is that there is no substantive evidence that this would deliver a demonstrable improvement to the performance and delivery of planning activity over and above the existing mechanisms which were already in place. Indeed, it would amount to a significant erosion of local decision making powers and local accountability contrary to the aims of the recent national planning reforms.

The recently published findings of the Commission on London Governance also highlight the need for greater devolution to the boroughs by strengthening the commissioning and community roles of London’s councils. We fully support the principle of subsidiarity and believe that decision-taking should be made at the local level as far as possible.

A key issue for local authorities is the ability to strengthen and build on their community leadership role. This is an area that has been identified by the

Commission on London Governance, particularly in the delivery of local health services and local policing. Finally, the inspection regime has become more comprehensive and complex and focuses unduly on process. The current “one-size-fits-all” methodology places too much emphasis on central, rather than local priorities and we believe that there should be a change towards using targets that are agreed locally with Relationship Managers or with other government bodies.

I hope that you find these comments useful to the work of the Inquiry.

Michael Snyder
Chairman of the Policy and Resources Committee