

161/04



2002-2003
Neighbourhood Renewal
2004-2005
Supporting People

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20 December 2004

Dear Sir Michael

INDEPENDENT INQUIRY INTO LOCAL GOVERNMENT FUNDING

Thank you for the opportunity last week to try and contribute to your inquiry into local government funding. I greatly appreciated your open, listening and encouraging approach and hope that what I said may be of some benefit.

At the end of the discussion you mentioned that if anything else crossed our minds, you would be pleased to hear from us further. As a side issue, and linked to the discussion about accountability and efficiency of collection, I would just like to comment about the collection of Business Rates. If a decision is made to return Business Rates to local authority control, then it would clearly be important for local authorities to continue to issue the bills. However, if the current practice continues of the Valuation Agency determining the rateable value, the Government determining the rate in the pound and local authorities paying over the amounts collected in Business Rates to the Government, then I think that it would be better both in terms of clear accountability and economic efficiency if the Government collected the Business Rate income instead. I would expect that change to result in economies of scale and clarify accountability, as many businesses still believe that the authorities that collect Business Rates use it for their own services. I realise that local authorities may be concerned that this would remove the benefit of the Local Authority Business Growth Incentive Scheme which comes in from 1 April, but I would expect that this could be easily resolved by the Government paying over that additional income to local authorities where growth had occurred.

I look forward to a successful outcome to your inquiry at the end of next year and hope that local government accountability will be greatly improved as a result.

Regards.

Yours sincerely

Geoff Kistner
Corporate Director
SirMichaelLyons.doc

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