



# Bradford Chamber of Commerce & Industry

## Lyons Inquiry into Local Government Funding

March 2005

Bradford Chamber of Commerce & Industry would like to submit views to the above inquiry. Bradford Chamber is, like other chambers, a membership-based organisation, with more than 1,000 businesses of all types and size, from all areas within the Bradford district (which includes Baildon, Bingley, Ilkley, Keighley, Saltaire and Shipley).

While we recognise that the inquiry has been looking into various matters relating to the funding system, our comments focus mainly on points raised by Chamber members, that is, business rates. The matter was discussed at a meeting of the Chamber Council on 28 February 2005.

### Modernising Local Government Finance

1. We understand the need for a review of local government finance and have previously made comments in relation to this, principally in response to the Green Paper, Modernising Local Government Finance. (However, in that response, most of the comments refer to a proposed supplementary business rate and supposed 'partnership arrangements'.)
2. We support the principle of local authorities being able to undertake ambitious capital programmes and support the idea of localised decision-making.

### Retaining the Uniform Business Rate

3. However, we are opposed to the re-localisation of business rates, as suggested by some, and support the retention of the Uniform Business Rate (UBR) in its current form. On regular occasions since 1990, and again this year (on 28 February), Bradford Chamber members expressed the view that the stability of the UBR is better for business, and creates a better environment in which to plan, invest and grow.
4. We feel that removing the UBR could easily impose an additional burden on business, impede enterprise and slow down regeneration in areas where this may be taking place. Setting the rate at national level provides for a clearer scrutiny and accountability procedure; it has also reduced the apprehension businesses previously faced prior to the reforms of 1990.

### The dangers of short-termism

5. It is felt that, without the tool of having a separate vote, by which their support for or opposition to particular policies could be demonstrated, businesses are often at the whim of decision-makers who, due to the likelihood of short-term political gain or manoeuvring, may not be taking account of the needs of business. Localised setting of business rates is but one example of this.
6. We understand why local authorities would want to see a return to localised rate setting but feel that such a move could create alarm and dismay for many business communities throughout the country, and especially in the Bradford district. For this reason and those



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set out above, we support the view of the British Chambers of Commerce, which has also advocated retention of the current system.

7. That system – the national setting of the rate within the restrictions of an inflation cap – means that a ‘level playing field’ is maintained for business and that issues such as property values remain neutral.

## Paying our way

8. Businesses already make a significant financial contribution – e.g. corporation tax, VAT, National Insurance Contributions – towards local government via the central grant and substantial rate rises, as occurred prior to 1990 in many local authority areas, would put undue pressure on business in an already competitive environment.
9. However, in relation to that financial contribution, there are areas in which businesses do feel that they do not receive decent value for money. One of these is crime reduction and it is felt that more work needs to be done by local authorities, police authorities and the Home Office to make that element of the rates that goes towards funding the Police work better for business.
10. Local companies, many of them small or medium-sized, are helping Britain maintain its status as a leading economy and one of the best countries in which to do business. This should not be jeopardised by re-creating disillusionment and disincentives to business.

## Expectations and measurements

11. We wish to counter the view cited recently in the media that there may be ‘less hostility’ to the re-localisation of business rates than was initially felt. A national newspaper recently alleged that Sir Michael Lyons had briefed ministers to say that individual businesses and some organisations had taken a “reflective and measured” view to rate reform, thus he had encountered less hostility than expected.
12. We appreciate that the Inquiry will be receiving differing views and that these views may be based on local relationships/partnership working. As stated previously (point 3), Bradford Chamber has frequently sought the business view on setting the business rate and so the view currently expressed here is not a one-off, knee-jerk reaction: we also feel that our members have taken a “reflective and measured” view.

The above comments have also been sent to our regional and national bodies, Yorkshire & Humber Chambers of Commerce and the British Chambers of Commerce, and to other interested parties including Bradford Council, Bradford’s MPs and MEPs, Yorkshire Forward, Government Office for Yorkshire & Humber and Yorkshire & Humber Assembly.

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