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Our ref: BM/km
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Dear Sir Michael,

Lyons Local Government Funding Inquiry

Thank you for your kind letter of 25th February 2005, and thank you once again for the opportunity to present our views to you.

As we discussed, the accompanying information outlines the situation concerning local land charges income. You may also have already received some information prepared by us relating to this issue, and planning fee income, via the East Midlands Regional Local Government Association. These are issues on which we and other local authorities have lobbied extensively in recent months. The attached information indicates the significance of this income source in Northamptonshire, particularly for small to medium size authorities.

We also undertook to provide some further information regarding planning fee income. The situation regarding this income source has recently changed with a Government announcement last week on fee income scales for next year. We are current analysing and comparing these with our earlier concerns and proposals and will send you any relevant information as soon as possible.

I hope this information is of some further use to your inquiry.

Yours sincerely



Brian Mew
Deputy Chief Executive

Local Land Charges

Local authorities operate under tight regulatory pressures from various sources to ensure that council tax increases are kept as low as possible. Capping, the Gershon Review, CPA and best value legislation all focus on ensuring that councils deliver services in the most economic, efficient and effective way.

Given these regulatory pressures, it is important that Councils operate within a fair playing field so that they are not disadvantaged compared to private sector operators. This is particularly important given the potential impact on the quality of life of key services, and on Councils' ability to look at both the social and financial costs of service delivery.

Recent developments in the Local Land Charges arena have meant that commercial companies are establishing businesses conducting 'Personal Searches'. This issue is increasing in number and in geographic coverage, and is having a substantial detrimental impact on local authorities' service provision and financial standing.

The table below shows the impact that these 'Personal Search' companies are having on the finances and, consequently, possible council tax levels within Northamptonshire. This picture is repeated depending on the scale of the situation in other areas of the country.

| Authority | No. Local Authority Searches | No. Commercial Searches | Proportion of Commercial Searches | Local Authority Normal Charge (£) | Amount 'lost' per commercial search (£) | Difference (£000) | Difference as a % of Council Tax |
|----------------|------------------------------|-------------------------|-----------------------------------|-----------------------------------|---|-------------------|----------------------------------|
| CORBY | 483 | 2,576 | 84% | 106 | 91 | 234 | 10.1% |
| DAVENTRY | 1,695 | 901 | 35% | 200 | 185 | 167 | 4.2% |
| EAST NORTHANTS | 2,283 | 1,224 | 35% | 120 | 105 | 129 | 3.1% |
| KETTERING | 2,115 | 1,386 | 40% | 90 | 75 | 104 | 2.4% |
| NORTHAMPTON | 5,648 | 2,521 | 31% | 125 | 110 | 277 | 2.5% |
| S NORTHANTS | 2,473 | 924 | 27% | 150 | 135 | 125 | 2.3% |
| WELLINGBOROUGH | 2,709 | 800 | 23% | 90 | 75 | 60 | 2.1% |

As part of our commitment to deliver value for money services to our citizens we are working to lobby on this issue. We are aiming to ensure that a fair playing field is created in which the council tax payers are no-longer subsidising the profits of private business and that there is a transparent market in which the customers have clear information and choice.

Progress Update

Working with the LGA we are supporting the Office of Fair Trading research into this issue to ensure that our interests are best represented. We have met with the OFT and are fully engaged in the development of a questionnaire to obtain further detail. In partnership with the OFT, the LGA are issuing the questionnaire to raise its profile with local authorities and positively impact on the return rates achieved in this important piece of research. The OFT questionnaire is being sent to all local authorities who conduct land charges

on the 11th April 2005. We will be following the progress of the questionnaire and the subsequent report.

Raising the profile of this issue within Local Authorities and wider afield will ensure that the issues are understood and that people are aware of the impact that these practices are having on local government. Through established networks we are discussing the issues at all levels within local authorities.

Possible Solutions

The Council is carrying out research to find out what solutions to the issues may be viable. These could include the following:

- various forms of regulation
- the introduction of minimum standards of services
- minimum pricing levels
- better information for the consumer about what levels of service are available and what level they are buying, e.g. a full search and guarantees on the quality of information
- introduction of quality assurance marks