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MANSFIELD DISTRICT COUNCIL

Working for the future

310/05

AM

For the Attention of:-

Your Ref:

Our Ref: PC/RT

Sir Michael Lyons

When calling please ask for:

Lyons Inquiry

Into Local Government Funding
Rooms 3/12
1 Horse Guards Road
London
SW1A 2HQ

Mr. Cook - Direct Line 01623 463015
e-mail: pcook@mansfield.gov.uk

29 December 2004

Dear Sir,

First and foremost my apologies for the delay in my response to you and for any inconvenience caused to you.

The final sentence of your letter refers to Thomas Callagher contacting me 'to confirm attendance', unfortunately this did not occur, but given my diary appointments for the 17th December and thereafter there was little scope for me to take up your invitation.

It is however worthy of note that similar questions were asked of me by the East Midlands Regional Assembly and that my answers were submitted to them on the 22nd November 2004.

In response to your letter of Inquiry into Local Government funding, I offer the following comments for your consideration.

- In principle the overall funding regime is inadequate to support high quality services and to finance new Central Government initiatives such as recycling.
- For authorities to be in receipt of three year grant entitlements would greatly assist medium term financial planning.
- An earlier indication of grant levels would also be consistent with the above paragraph, e.g. pre November.
- Central Government has for a considerable period of time directed resources towards Social Services and Education which are County Council functions. This has had the effect of giving a low ranking to other service functions, particularly those performed by District Council's, which has had an impact on residents' day to day lives.

- CHIEF OFFICERS -

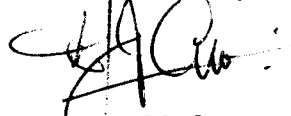
Chief Executive Officer - **Richard Goad**
Director of Operational Services - **Chris Collison**
Director of Resources - **David Yorke**

- An advantage of Council Tax is that it is related to a property, which is fixed and identifiable in nature with its level known at this time of investment. It also has the characteristic of being easy to determine and calculate.
- Conceptually, Council Tax does penalise people who invest in property, but it is indirectly correlated to their ability to pay.
- It would be opportune to review the levels of Council Tax banding, with possibly expanding their number.
- Like business rates and T.V. licence fees, Council Tax could be determined at a point in time and index linked over a five year period to give certainty to payers and local authorities.
- Local income tax has the advantage of being corrected to ability to pay, but how would it be collected? Could it be a supplement to the existing Inland Revenue system, or something separate administered by Local Authorities? The latter would be difficult to control and expensive to administer.
- It would be advantageous for my authority, if it were allowed to retain the business rates it generates, as a reward for its proactive economic development policies.

Currently we collect £21 million from the local economy, but only £4 million is returned in the form of grant. I accept this principle would cause a massive redistribution of grant on a national basis.

- If too many elements are included in some form of local taxation, its compilation will become unclear to the public.
- I envisage regional assemblies would replace existing District and County Council's. This would require fewer staff, systems, software packages, buildings etc, and thereby creating savings from economies of scale. Additional finance should not therefore be required.

Yours faithfully,



Danny McCrossan
Portfolio Holder for Leisure and Social