

Lyons Review of Council Taxation
c/o Ms Mel Roch
Room 3/18
H M Treasury
1 Horseguards Parade
LONDON SW1A 2HQ

~~13 June 2005~~
JULY!

Lyons Review
copy

Dear Mrs Roch

Re : Lyons Review

Following the RICS Conference yesterday I spoke briefly with Sir Michael Lyons, who asked that I submit a short letter to bring forward the views of the small and micro-business we represent in respect of the Unified Business Rates. These are only brief comments, not a fully worked submission.

1. Return of Business Rates to Local Authorities

This would not be welcomed as far too many local authorities view business as a source of income to which they are not accountable. Business has no direct say in local government, no vote, and national bodies are unable to represent member's views to so many varied and diverse institutions.

The only impact upon the local councillor is when business leaves the locality, taking with them jobs and prosperity. By then the damage is done, and in all probability, the Councillors involved have completed their terms of office and moved on.

2. Value for Money

Many members see little or no value for the money expended in business rates. They often complain that policing fails to protect premises from vandalism, malicious damage or low level crime. Also, when crime is reported the response is slow and the same for the level of interest.

Similarly, litter is cleared but frequency can be an issue and additional charges may be made for collecting human waste such as hair.

I have provided the two examples for two reasons. First, to illustrate that the value for money is perceived to be low. Secondly, the source to whom the UBR is paid, that is the local authority, is not the responsible authority for the delivery of some of the services or for decisions made. In short greater accountability, clarity and transparency is required within the system.

3. Unofficial economy

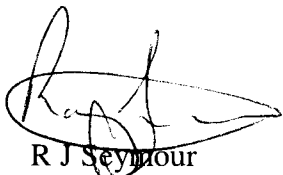
The unofficial economy flourishes because of taxation and regulations. It can appear in any area of business activity but the primary areas are in personal services and services provided to the home. Hairdressing is a personal service that can easily be delivered outside the salon environment and we request that when making recommendations for reform consideration is given to the effect on legitimate business vis-à-vis the unofficial economy, and whether the proposals will give further stimulation to such activity.

4. Property Tax

The UBR is a property tax and bears no relationship to ability to pay. This is a source of grievance. Many members would wish the UBR to be based on profit and collected centrally, rather than property and collected locally. It is thought that such an arrangement would be more equitable.

I hope and trust that these brief comments will be of assistance.

Yours sincerely



R J Seymour
General Secretary