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Mr John Healey MP,
Economic Secretary to the Treasury,
Treasury,
Parliament Street,
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April 2004

Dear Mr Healey,

Re: Business Rates in Lambeth

We are writing to you further to the meeting which you hosted at the Treasury concerning the Government's 'Business Rates Incentive Scheme' on the 3rd November 2003.

The issue of financial support for Local Government is a complex one and we appreciate it is under review by the Government but we wish to focus on one specific dimension and would welcome the opportunity to discuss this with you in more detail at a follow-up meeting.

The South Bank area of Central London is a very particular one – literally at the geographic centre of London and home to Europe's largest cultural quarter including the arts complex of South Bank Centre, Hayward Gallery, National Theatre, British Film Institute, Old Vic and Young Vic Theatres etc. as well as the operational base for the nationally famous St. Thomas' and Guy's teaching hospital, Europe's busiest railway station at Waterloo, a large and growing Learning Quarter with Kings College, South Bank University, Morley College, Southwark College etc. and in addition to all this the home to a number of major national and international corporations such as Ernst & Young, IBM, London Weekend Television, P&O Enterprises, Shell etc.

In recent years the South Bank has developed dramatically as a centre for regional, national and international tourism with many hundreds of thousands of people being attracted to the riverside walkways and drawn to major visitor attractions at the London Eye, the London Aquarium and Tate Modern etc. The number of visitors is likely to increase further with access to the whole South Bank area being transformed by the building of the new Millennium Bridge from St. Paul's to the Tate and the Jubilee Footbridges to replace the old Hayward Bridge between Charing Cross and Waterloo. The upshot of this is that over the last ten years the visitor numbers as well as the total numbers of those who working, studying and living in the area have risen dramatically

and the pressures placed on the public realm in terms of cleaning, community safety and general maintenance have become intense. These pressures are also considerably greater than a mere assessment of the resident population would assume, on which the current distribution of the pooled NNDR receipts depends.

This is why we welcome the acknowledgement from the government in the Local Authority Business Growth Incentives (LAGBI) paper that there can be “a mismatch between the costs of economic development and the benefits that accrue from it”. In Lambeth’s case as one of the most deprived and multicultural boroughs in the country, the Council’s straightened resources are inevitably prioritised to address the many needs for housing, education, health and social care for its diverse residents communities, particularly those in the Vauxhall, Stockwell, Brixton and Clapham heartlands of the borough. Despite the recent financial settlement by the ODPM and the additional support to Local Authorities from the Chancellor, Lambeth will continue to face severe financial challenges.

Given this situation, and even though a very considerable level of business rate income is generated by the South Bank businesses, Lambeth has not been able to tackle management and maintenance of the public realm and street scene within the South Bank area in a way in which major businesses and the many millions of visitors the area would wish.

South Bank Employer’s Group which brings together the major cultural and business organisations in the area has been working for some time to improve the quality of life for local residents, workers and visitors including exploring the possibilities of creating a Business Improvement District. SBEG has been discussing with Lambeth Council how it can work in partnership and cooperation to help this hugely important and vibrant part of central London to truly become an accessible, safe and socially inclusive community at the very heart of a world-class city.

The LAGBI proposals to allow local authorities to benefit from the business rate revenues associated with a growing business rate tax base at a local level are therefore very welcome. However as we currently understand the proposals we do not believe that a clear enough link is encouraged between local businesses and local authorities to ensure that local authorities respond to the needs of businesses as well as they respond to the needs of council tax payers. Local businesses are paying for local services through their business rates but there is no direct relation then with the services the local authority provides. While the LAGBI proposals do start to address this issue we are of the view that it would be worth considering what more could be done.

As Leader of the Council and Chief Executive of the South Bank Employer’s Group we would therefore very much like to meet you to discuss in more detail the ways in which businesses and the Council can work together in the interests of all and how the significant business rate generated in the area can in part be better used to improve and develop the area in the interests of London as a whole.

We very much look forward to hearing from you and to receive from you some suggested dates and times at your convenience when we can meet to discuss these matters further.

Yours sincerely,

Cllr Peter Truesdale
Leader of Lambeth Council

Howard Simmons
Chief Executive South Bank Employers' Group