

**Cllr Peter Truesdale
Leader of Lambeth Council
Lambeth Town Hall
Brixton Hill
London SW2 1RW**

22 July 2004

Dear Cllr Truesdale

BUSINESS RATES IN LAMBETH

Thank you for your letter of April 2004. I am very sorry it has taken some time to respond – I am sure you will understand that the last few months have been a busy time for the Treasury.

I am pleased to see that Lambeth Council and the South Bank Employers' Forum are working together to improve the prosperity of the area. The Government agrees with you that links between local authorities and businesses are crucial to boosting local economic development, and is committed to promoting the role of local authorities in economic development. As you note in your letter, we are using the business rates system to help develop this, for example through new powers to set up Business Improvement Districts, and through the Local Authority Business Growth Incentives scheme.

The LABGI and BIDs schemes are a significant advance on the way in which local authorities have in the past been able to engage in and benefit from local economic development, and we need to take the time to let these new schemes bed in. It is clear from the work of the Balance of Funding Review that changes to the business rates system pose a number of challenging issues, particularly with regard to the distribution of revenues across the country and to the views of business. These issues are now being considered by the Lyons inquiry, which will be making recommendations to the Government next year.

On this basis, I am afraid I must decline your offer of a meeting, but I remain committed to supporting this agenda, and would be happy to respond to your proposals by letter.

I am copying this letter to Howard Simmons.

Yours sincerely
John Healey

JOHN HEALEY MP