

Teresa Pearce responds to NAO report on 100 per cent business rate retention scheme

Teresa Pearce, Shadow Secretary of State for Communities and Local Government, responding to the National Audit Office report on the 100 per cent business rate retention scheme, said:

“Today’s report confirms what we have long suspected: the Government is playing dangerous games with local government finances, and in turn, is putting our vital public services in jeopardy.

“The NAO have stated that implementing 100 per cent business rates retention before the Government’s Fair Funding Review has been published will result in an untested and potentially unfair system being imposed on already struggling councils. In the context of seven years of brutal and relentless cuts to local government, that is a risk that councils cannot afford. That is why Labour has continually called for 100 per cent business rate retention to be delayed until after the Fair Funding Review is complete.

“The report also finds that the research has not been done into whether business rate retention is genuinely driving economic growth, and the resources do not exist to do so sufficiently. As it stands, this scheme is ideologically-driven but lacks any solid evidence base.

“Local government is facing a £5.8 billion funding gap by 2020. There is a national crisis in social care with 1.2 million frail elderly people and one in five vulnerable disabled people being left lonely and isolated. Libraries, youth centres and Sure Start centres have closed. Child protection services are creaking, and homelessness is rising. Public services provided by local councils are the lifeblood of our communities and the Government must think more carefully before implementing these potentially catastrophic changes.”