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News:

Suburbs 'neglected' as pounds 1bn a year is diverted to inner cities

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GORDON BROWN has been accused of starving the suburbs of up to pounds 1 billion every year and diverting the money to inner cities.

The news comes as

the leaders from some of the biggest suburban councils meet today to discuss a "State of the Suburbs" report, which warns that some middle-class boroughs are being neglected.

The report found worrying levels of traffic congestion because of the number of office workers commuting into and out of the boroughs. This, in turn, placed great pressure on local buses and trains.

Soaring house prices, particularly near London, also meant people who worked in city suburbs could no longer afford to live near their offices.

More money for investment was needed, the report said. The demand from people to live in the best suburbs was placing extra pressure on schools, doctors' surgeries and leisure services.

The councils are complaining because the Government takes as much as pounds 1 billion in business rates and council tax, and redistributes the money elsewhere.

Barnet, a prosperous London borough which last year lost pounds 18 million a year to central government, has had three applications for more money to spend on its schools turned down by Whitehall. Michael Freer, the leader of **Barnet council**, said: "The cracks are starting to show.

"Our hospitals can't cope, our roads are at gridlock, the schools are full, you can't get into a dentist or a doctors' surgery. All of the things that make a suburb a pleasant place to live are now under strain. The Government needs to redress the balance."

Trafford council, on the outskirts of Manchester, loses pounds 80 million of its business rates tally to central government every year. Susan Williams, the council's leader, said: "It is the business rates that are the killer."

Today's two-day city suburbs summit, the first of its kind, will be attended by the leaders of Barnet, Kingston upon Thames, Trafford, Solihull, Barnsley and Stockport. The leaders will debate the report, which found that while more than 84 per cent of people live in the suburbs, the infrastructure - particularly roads - is neglected.

Now the councils are fighting back, with plans to raise money in the City of London. The money will be used to pay for schools and roads.

Next week, **Barnet council** will launch its plans for a "Barnet bond" in the City to pay for pounds 700 million worth of improvements to roads, schools and hospitals.

Under a scheme drawn up with PricewaterhouseCoopers, the council wants to borrow money by issuing bonds against the expected rise in business rates and other income from the estimated 40,000 more people who are likely to move to Barnet over the next decade.

Treasury sources insisted that over time the amount of money returned to the suburbs evened out. One said: "All business rates received are hypothecated back to local authorities."

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