FT FINANCIAL TIMES
World business newspaper

NATIONAL NEWS
'Barnet bond' proposed to fund services.

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393 words
11 September 2007
Financial Times
London Ed1
Page 4
English

A bond to raise up to Pounds 360m for transport, schools and other local services will be proposed by a north london borough as it looks for new ways to raise money.

The "Barnet bond" would provide as much as half the Pounds 733m the London suburb says it needs to improve its infrastructure to cope with expected housing growth over the next 10 years.

The bond would be financed by earmarking extra income created by expanding housing stock, including higher council tax and business rate receipts. The borough also saysit could raise money from the expansion of BrentCross shopping centre, with a Pounds 1 a day levy on eachparking space among the options.

Other sources couldin-clude additional stamp duty revenues from the sale of new homes in the borough, which currently go straight to the exchequer. Another Pounds 6m could be raised by Barnet levying a 3p supplementary business rate, one of the proposals made by Sir Mich-ael Lyons in his report on local government, which the government is considering.

The Treasury and the Communities and Local Government department have been involved in discussions, though neither has yet given the go-ahead for the necessary changes. However, Barnet says no legislation is needed for some of its proposals, such as new charges and earmarking additional council tax receipts.

"We're trying to show that there are options to make this model of local financing work," said **Leo Boland**, the council's chief executive. "What we end up with may be quite different, but there are significant sources of money to pay for infrastructure improvements."

Barnet expects its population to rise by 30,000-40,000 over the next 10 years as developers build new homes for people working in the City and West End. As a relatively wealthy borough, it cannot rely on grants from central government.

A report by PwC, the professional services firm, proposes creating an arms-length local growth fund to collect the additional revenues giving the necessary security to borrow the money upfront. "Most boroughs are finding the re-sources are not there for the infrastructure they need to build," said Ray Mills of PwC. "This approach aims to capture the value that would be generated by growth to fund that growth itself."

20070911L104.043

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