

# Regeneration & Renewal

## Funding and Finance News - Barnet levy plan to draw investors

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The London Borough of Barnet has developed an innovative financing plan to fund pounds 360 million of new infrastructure.

The Barnet Financing Plan, developed in conjunction with consultancy PricewaterhouseCoopers, would involve using stamp duty and revenue from the proposed supplementary business rate to attract public and private investment.

The council decided to develop the financing plan because it anticipates that the borough's population will increase from 338,600 to 360,000 by 2016, putting an 'immense additional burden' on local infrastructure, such as roads, schools and healthcare.

A council document outlining the plan said: 'If Barnet fails to ensure that the necessary infrastructure is provided up front, the transport systems will be permanently congested, the environment will suffer from unsustainable physical development and the critical supporting services will lag behind.'

It identifies five sources of potential revenue that could be used to lever in extra funding. They are:

- Business rates, such as a supplementary business rate of 3p, or revenue raised from business rates generated by the expansion of Brent Cross shopping centre;
- Stamp duty raised from new housing stock;
- Council tax;
- Ground lease agreements relating to the expansion of Brent Cross;
- Car parking charges.

The council calculates that pounds 30.5 million could be raised annually from these sources, which it says would 'support around pounds 360 million of borrowing' under the Government's 'prudential borrowing' framework. This could be used to support private sector-led projects.

The local authority is also aiming to ensure that the finance made available through the plan is 'recyclable', meaning a sustainable, long-term funding structure could be put in place.

However, the council requires central government permission to keep revenues such as stamp duty and business rates locally. A Department for Communities and Local Government spokesman said Barnet had not been given the go-ahead to 'keep hold of extra council tax or business rate receipts'.

But **Barnet council** leader Bill Freer said the DCLG had not refused any of the council's proposals and that 'positive discussions' with the Treasury had taken place.

'We're asking to share in the proceeds of growth. We're saying: 'Let us keep the extra revenue we're generating to invest', he said.

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