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# Spatial Economics Research Centre

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## Local Government Finance and the Glencore IPO

The FT reports that the Glencore IPO has resulted in an [unexpected 'bonanza' for the small Swiss village](#) that is home to a number of Glencore executives. The payouts to these executives, as a result of the IPO, have been sufficiently large that residents have been able to vote to reduce the local income tax rate.

Contrast this with the UK where, as things currently stand, growing local incomes have essentially no effect on local revenue. Likewise, increasing the number of businesses. For new homes, councils do see some increased revenue from additional council tax (doubled for six years with the [New Home Bonus](#)). The government consultation on business rate retention, which closes soon, is also looking to [provide incentives on business rate retention](#), although it's not yet clear how strong these will be.

I can only assume that the Glencore story makes Local Authorities in the UK (who want greater tax raising powers) green with envy.

Posted by [Prof Henry G. Overman](#) on [Thursday, December 08, 2011](#).

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