

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

16 June 2010

Report of Chief Executive

Part 1- Public

Matters for Information

1 THE QUEEN'S SPEECH AND RELATED ISSUES

Summary

A report to give an overview of the policy announcements and legislative proposals issued by the Coalition Government.

1.1 Introduction

- 1.1.1 The new Coalition Government made up of Conservative and Liberal Democrat MPs has made a number of important policy and legislative announcements that will have significant implications for the Borough Council.
- 1.1.2 The purpose of this report is to give the Cabinet a general overview of what has been announced and to highlight some key features. This will be supplemented by further reports to the Cabinet or Advisory Boards, as appropriate, as and when further details become available.

1.2 The Coalition Agreement

- 1.2.1 The formation of the Coalition Government is, following the well documented negotiations that took place in the aftermath of the General Election, underpinned by an agreed programme that has been published in a document entitled "The Coalition : our programme for government". This document is appended at **Annex 1** for the information of Members.
- 1.2.2 Section 4 of the document addresses the programme proposed in respect of Communities and Local Government and sets out intended widespread reforms, including abolition of Regional Spatial Strategies and the Infrastructure Planning Commission.
- 1.2.3 A power of general competence is to be given to councils which would mean they can do anything elected Members decide is appropriate unless there is a specific legal prohibition. This would remove the uncertainty that currently exists as to the extent of local authority powers.

- 1.2.4 The Comprehensive Area Assessment regime is to be abolished and inspection of local authorities generally reduced.
- 1.2.5 Some of the measures proposed under this Section of the Coalition Agreement are to be found in the Queen's Speech that was delivered on 25 May but others will feature in future Parliamentary Sessions as the Coalition Agreement is intended to be a programme for Government over a full 5 year Parliamentary term.
- 1.2.6 Members are urged to read the full document at Annex 1 as there are 31 Sections in total of which Communities and Local Government is but one. There are proposals in many of the other sections that will also impact upon local authorities.

1.3 The Queen's Speech

- 1.3.1 Her Majesty the Queen set out the Coalition Government's legislative programme in Her Speech to both Houses of Parliament on 25 May.
- 1.3.2 The Local Government Association has produced a briefing note on the content and indicated its stance on many of the measures and that document is attached as **Annex 2**.
- 1.3.3 Of particular interest is the Decentralisation and Localism Bill which will give councils a power of general competence, abolish the Standards Board regime and Comprehensive Area Assessment and will introduce various other measures aimed at improving the ability of local people to influence councils and promote greater accountability and transparency in respect of salaries and expenses of staff, especially those holding senior positions.
- 1.3.4 As ever, more detail is required before an informed view can be reached on the proposals. For example, it is not clear whether the proposal to abolish the Standard Board Regime extends to what is currently required at a local level.
- 1.3.5 The Bill will also give effect to the commitment to reform the planning system through the abolition of regional spatial strategies and the Infrastructure Planning Commission. There is an intention "to return decision-making powers on housing and planning to local councils" but one assumes there will be a need for some form of sub-regional planning along the lines of the former county structure plans?
- 1.3.6 Other measures impacting upon local councils include the introduction of directly elected police commissioners, reforms to the regulatory framework for CCTV and directed surveillance, abolition or merger of quangos and provisions for directly elected members of Primary Care Trusts.

1.4 Budgetary Matters

- 1.4.1 The Queen's Speech made clear that the Government's main priorities were the reduction of the budget deficit and the restoration of economic growth.

- 1.4.2 The Chancellor of the Exchequer has announced £6.2bn of spending cuts to take place in the current fiscal year but £0.5bn of these will be reinvested in apprenticeships, further education and housing.
- 1.4.3 Of the £6.2bn, £1.165bn is to come from reducing grants to local authorities. Two reassuring announcements were made, these being that formula grant to councils is unaffected and the details of which grants will be affected will be the subject of further consultation.
- 1.4.4 Appended at **Annex 3** is an LGA briefing note on the spending cuts.
- 1.4.5 The protection of formula grant is to be welcomed as it would be nigh on impossible for councils to make in year savings if the levels of previously announced grant support were reduced.
- 1.4.6 Given the protection of formula grants, the implications of the cuts to local authority grants in the current year is not substantial for this Council as we do not receive substantial grants via other DCLG funding streams such as Area Based Grant. That is not to say that there are not consequences but these mainly flow from cuts to programmes administered by other bodies such as the Homes and Communities Agency, which I will refer to later in this report.
- 1.4.7 The Secretary of State was due to announce on 2 June details of where the cuts to non formula grants to local authorities would be made but at the time of writing this has not taken place. It has now been announced that how the cuts will fall will be set out in a written ministerial statement.
- 1.4.8 One potential area of concern to this Council would be if there was a substantial reduction to the Community Safety element of Area Based Grant since this is passported through from the County Council to district councils and helps to fund the salaries of those engaged in community safety activity.
- 1.4.9 The Director of Finance and I will ensure that Members are advised of the implications of the cuts to grants when these are known.
- 1.4.10 Looking ahead, there are two significant events yet to happen which could dramatically alter the position for the Council and the first of these is the Emergency Budget scheduled for 22 June. Although I suspect this will mainly be focussed on fiscal measures it may also contain details of overall spending limits in future years which will set the parameters for public expenditure.
- 1.4.11 The second event will be the outcome of the Spending Review in the Autumn, which will allocate expenditure across Government Departments within the overall prescribed spending limit. Give the Government's declared commitment to protect certain of its priority areas of expenditure such as health and education and the severity of the likely reductions in public expenditure, it is virtually certain that substantial cuts to local government funding, including formula grant, should be expected. Once we have the required information it will be necessary to update

our Medium Term Financial Strategy to reflect this and evaluate the nature of the response that the Council will need to make in the changed circumstances.

- 1.4.12 Members will have noted that the Coalition Agreement commits the Government to freezing council tax in England for at least one year with an aspiration for this to be extended for a further year. The Agreement refers to this being achieved in partnership with local authorities. It is understood that the way this will work is that local authorities that limit their increases to 2% will receive extra Government funding to allow them to bring in a zero per cent increase.
- 1.4.13 The Director of Finance is modelling the impact of this because, even with additional Government funding to enable a 0% rise, the base against which future increases would be made will be lower than we have projected so there are hidden future implications that will arise that could add to the savings we will have to make.
- 1.4.14 The overall financial position of the Council could best be described as stable following the £6.2bn cuts but the future prospects are very uncertain and understandably there will be substantial challenges ahead that will need to be addressed.

1.5 Abolition of Comprehensive Area Assessment

- 1.5.1 Attached at **Annex 4** is a letter from the Audit Commission advising that all work on CAA has ceased with immediate effect. All of the judgements that were due to be issued about individual local authorities have been cancelled with the sole exception of the value for money judgement that Auditors give alongside their opinion on financial statements.
- 1.5.2 The Council has long expressed concern at the costs of the inspection regime and no doubt the Government's action as manifested in the Audit Commission's letter will be welcomed.

1.6 Coldharbour Gypsy and Traveller Site

- 1.6.1 A consequence of the £6.2bn package of spending cuts has been a reduction in the funding available to the Homes and Communities Agency.
- 1.6.2 Attached at **Annex 5** is a letter from the HCA to Kent County Council advising that the Gypsy & Traveller Site Grant Programme has been closed to new allocations this year.
- 1.6.3 An immediate consequence of this is that the bid for funding to refurbish and reconfigure the Coldharbour Site in Aylesford to improve facilities and increase the number of pitches is now lost. This will have potentially profound implications for the Council as the Local Planning Authority in terms of dealing with unauthorised encampments and retrospective planning applications as well as those sites

where temporary permissions have been granted either by the Council or on appeal in the expectation of the Coldharbour project coming to fruition.

- 1.6.4 It is noted that the HCA says that the bid details will be kept on file and will be re-visited should funding become available in the future. Given the severity of the budget deficit one assumes that the prospects of funding becoming available in the foreseeable future are remote.
- 1.6.5 The Director of Planning, Transportation and Leisure and the Legal Partnership Manager are assessing the implications of the Coldharbour situation and will report to Members in due course when the position is clearer.

1.7 Abolition of Regional Spatial Strategies

- 1.7.1 In a similar vein to the previous matter, the Secretary of State has written to local authority Leaders to advise that he intends to abolish Regional Strategies and that he expects local planning authorities and the Planning Inspectorate to treat that as a material planning consideration. A copy of that letter is appended at **Annex 6**.
- 1.7.2 The Cabinet will appreciate that in respect of the South East Plan this is a very significant matter and there is a lack of clarity about what this means in practice pending new legislation to introduce a different framework.
- 1.7.3 The Council is, however, one of only a few to have a full suite of LDF documents in place which does give a good planning context for our development control function. As with the previous issue, the Director of Planning, Transportation and Leisure and the Legal Services Partnership Manager will report to Members on the implications of the Secretary of State's letter once the bald facts have been put in a more detailed context by DCLG and they have been able to assess such detail

1.8 Overall Conclusions

- 1.8.1 As would be expected with a change of Government after 13 years, the public sector generally and local government in particular is faced with significant changes.
- 1.8.2 A number of these changes are likely to be welcomed by Members as they address concerns that have been expressed in debate in various Council forums. As ever, the devil is in the detail and, understandably, much of that is awaited.
- 1.8.3 Clearly, however, the biggest challenge for the whole of the public sector but especially district councils is the potential scale of the expenditure reductions that may be required. My view is that there is no point in speculating about what might happen and the implications. That would be counter productive and almost certainly create morale problems as the Council's employees would be concerned about their job security.

1.8.4 I am firmly of the view that the Council has been extremely prudent in the management of its finances and is well placed to address the financial challenges that lie ahead. It is better to tackle the reductions needed with a proper understanding of the scale required so that a well thought through strategy can be developed and implemented in a considered and ordered manner.

Background papers:

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Nil

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