

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

17 November 2015

Report of the Director of Finance and Transformation

Executive Non Key Decisions

1 KENT COUNTY COUNCIL BUDGET CONSULTATION

A report highlighting for Members' attention the budget consultation launched by Kent County Council; and to seek Cabinet's views on making a response to the proposal to withdraw the payments made to district councils in respect of second homes discounts.

1.1 Introduction

1.1.1 Members may be aware that Kent County Council (KCC) launched its 2016/17 budget consultation recently. Details can be found at:

<http://www.kent.gov.uk/about-the-council/have-your-say/budget-consultation> .

The consultation closes on 24 November with KCC's final draft budget scheduled to be published on 11 January 2016.

1.1.2 It has not been the normal practice for the Council to respond to the consultation, although Members can, of course, respond individually with their own views.

1.2 Payments in respect of Second Homes Discount

1.2.1 One aspect that I wish to bring to Members' attention is to an annual grant awarded by KCC that has direct impact on the Kent District Councils.

1.2.2 The Leader of the Council received an email on 23 October from KCC's Strategic Relationship Adviser on behalf of their Cabinet Member for Finance as follows:

"You will no doubt be aware that KCC has recently published our draft 2016/17 budget proposals for consultation. This identifies that we are facing the most challenging budget we have ever had to deal with arising from the combination of increasing spending demands combined and anticipated further funding reductions. This combination means we really will now have to consider some tough choices and re-examine all areas of spending, particularly where its discretionary. We have had a long-standing arrangement with district councils to share the KCC proceeds from the original powers to reduce the Council Tax discount on second homes from 50% to 10%. For some time now we have been discussing with finance officers that this arrangement is unsustainable in light of

the ongoing financial squeeze and that all districts have now removed the second homes discount entirely. This means we have to reconsider this long-standing arrangement. The attached note provides a briefing on the background to this arrangements and options to review it to help meet the financial challenge (this note has already been shared with finance officers). In advance of preparing final budget proposals (which we will publish in January) we are keen to have your views on the impact if we were to withdraw this arrangement, and whether we would need to consider transitional mechanisms to help districts manage the impact. We are conscious that the distribution of second homes varies between districts and thus the impact is also variable. We would like your views on both the impact and transitional mechanisms alongside our formal consultation which closes on 24th November.”

- 1.2.3 The note referred to above is attached at **[Annex 1]**.
- 1.2.4 Members will note that this Council receives around £31k in grant from KCC in respect of this agreement. In the past, these grants have assisted with funding for projects such as the Coldharbour Travellers site, Tonbridge Gateway and Memorial Garden and events to celebrate the Queen's Jubilee; plus funding towards the Community Safety Partnership.
- 1.2.5 Like TMBC, KCC is facing significant financial challenges and it is inevitable that discretionary grants like these are being put forward for review. Nevertheless, withdrawal of grant will impact of our ability to provide services, particularly when funding from other areas of KCC (e.g. public health) is also being brought forward for reduction.
- 1.2.6 In the document at Annex 1, Members will note that the question is asked as to *‘the impact of removing the district payment and whether (KCC) should consider any transitional factors to help manage the reduction’*. A transitional scheme withdrawing say one third of the original grant each year over a three year period might help to soften the impact. Members might also wish to highlight the fact that, as stated above, other grant funding from KCC is likely to be at risk in the near future and the impact needs to be considered in the round rather than in a piecemeal fashion.
- 1.2.7 Cabinet is asked to determine whether they wish to respond to this particular consultation regarding second homes discount payments, and if so approve a response to Kent County Council prior to the deadline of 24 November.

1.3 Legal Implications

- 1.3.1 This is a discretionary award made by KCC to district councils.

1.4 Financial and Value for Money Considerations

- 1.4.1 If the grant is withdrawn in full this will mean loss of income to TMBC of circa £31,000 per annum.

1.5 Risk Assessment

1.5.1 The potential withdrawal of the grant will need to be reflected in our financial planning.

1.6 Equality Impact Assessment

1.6.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users at this point.

1.7 Policy Considerations

1.7.1 Community

1.8 Recommendations

1.8.1 Cabinet is **RECOMMENDED** to

- 1) CONSIDER whether they wish to respond to the consultation regarding second homes discount payments , and if so:
- 2) DETERMINE a response to Kent County Council on the issue of second homes discount payments prior to the deadline of 24 November.

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