

The 2018-19 Local Government Finance Settlement Technical Consultation Paper

Pre-amble and Headline Response from Tonbridge & Malling Borough Council

This Council's experience, unlike many others including other Kent district councils, of the business rates retention scheme has not been positive. The Council continues to suffer after its highest business ratepayer went into administration in early 2015 (a matter taken up at the time with the then Minister for Local Government) pushing us into safety net where we remain to this day despite encouraging growth in our business rates base. In contrast, many others have found themselves up to £500,000, £1,000,000 or a higher sum above their baseline.

On the other hand, the Council has also done what was asked and encouraged growth in house building. We are one of the best performing district councils in the south east in this respect. As a consequence we have seen New Homes Bonus allocations help to mitigate in part what can only be described as projected **devastating reductions in general government grant funding of more than 80%** between 2010/11 and 2019/20 and also the experience to date in respect of business rates as detailed above.

New Homes Bonus is no different to our share of business rates in that it is used in full to support the provision of local services as was overall grant funding before the introduction of New Homes Bonus. Proposed further reductions in New Homes Bonus, following on from a significant decrease as a result of the changes introduced in 2017/18, is of grave concern bringing into doubt the financial sustainability of the Council. It seems wholly unfair and unjust for the growth in business rates to be retained whilst this funding stream is 'nibbled away' over time and included in determining core spending power.

To aid financial planning and to avoid bringing some councils' financial sustainability into question depending on what happens to this funding stream, we pose the question what is the government proposing to do to address the inequity and uncertainty going forward?

Summary of consultation questions and responses

Question 1: Do you agree that the government should continue to maintain the certainty provided by the 4-year offer as set out in 2016-17 and accepted by more than 97% of local authorities?

We agree.

Question 2: Do you agree with the New Homes Bonus allocations mechanism set out above?

We disagree. The current New Homes Bonus scheme is both simple and transparent and a powerful incentive to encourage growth in house building. Introducing a mechanism for payments to be reduced in part or in full where residential development is allowed on appeal would only complicate matters unnecessarily whilst adding little to 'sharpen the incentive' and could see a reduction in payments where the original decision may have been made on legitimate grounds. It is entirely possible for refusals of planning permission to be based on matters other than the principle of development (such as design, layout, accessibility and so forth) that might be important locally but could be vulnerable at appeal. The proposals in this regard could have the perverse incentive of encouraging local planning authorities to drop standards of sustainable development which is a priority in national planning and development policy. Directly linking decision making on specific planning matters and cases with financial reward is inappropriate.

Question 3: Do you agree that the approach should be based on data collected by the Planning Inspectorate? If you disagree, what other data could be used?

We disagree with the proposal that NHB payments should be reduced where homes are allowed on appeal as set out in our response to question 2.

Question 4: Do you agree with the proposed appeal/challenge procedure for the dataset collated by Planning Inspectorate? If you disagree, what alternative procedure should be put in place?

We disagree with the proposal that NHB payments should be reduced where homes are allowed on appeal as set out in our response to question 2.

Question 5: Are there alternative mechanisms that could be employed to reflect the quality of decision making on planning applications which should be put in place?

We disagree with the proposal that NHB payments should be reduced where homes are allowed on appeal as set out in our response to question 2.

Question 6: Which of the two mechanisms referenced above do you think would be more effective at ensuring the Bonus was focussed on those developments that the local authority has approved?

We disagree with the proposal that NHB payments should be reduced where homes are allowed on appeal as set out in our response to question 2.

Question 7: Do you think that that the same adjustments as elsewhere should apply in areas covered by National Park Authorities, the Broads Authority and development corporations?

We disagree with the proposal that NHB payments should be reduced where homes are allowed on appeal as set out in our response to question 2.

Question 8: Do you think that county councils should be included in the calculation of any adjustments to the New Homes Bonus allocations?

We disagree with the proposal that NHB payments should be reduced where homes are allowed on appeal as set out in our response to question 2.

Question 9: Do you have views on council tax referendum principles for 2018-19 for principal local authorities?

To give greater control and flexibility over their finances council tax levels **should be a decision for the elected representatives of each council and the council tax referendum principles withdrawn.**

Question 10: Do you have views on whether additional flexibilities are required for particular categories of authority? What evidence is available to support this specific flexibility?

Both the multi-year settlement and changes introduced to New Homes Bonus were designed in the context of the particular pressures experienced by councils with responsibility for social care. Effectively in simple terms this means taking resources from district councils and giving it to upper tier authorities and, in so doing, **placing added funding pressure on district councils and the services they provide – putting financial sustainability at risk.** In recognition of this redistribution of funding we suggest that either district councils **should be removed from the council tax referendum principles** or at the very least enable **council tax increases equal to that of authorities with responsibility for social care including the social care precept.**

Question 11: What factors should be taken into account in determining an Alternative Notional Amount for Combined Authority mayors?

We have no comment.

Question 12: Do you agree with the proposed approach to correcting the reduction in relevant county councils' income from the Adult Social Care precept?

We have no comment.

Question 13: Do you have any comments on the impact of the proposals for the 2018-19 settlement outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

We have no comment.

Agreed by Cabinet on