



**TONBRIDGE & MALLING
BOROUGH COUNCIL**

ANNEX 2

Martin Coffin

**Borough Councillor for
Wrotham, Stansted and
Ightham**

Deputy Leader of The Council

Portfolio holder for Finance,
Innovation and Property

Rt Hon Michael Gove MP
Secretary of State for Levelling Up, Housing and Communities
and Minister for Intergovernmental Relations
Department for Levelling Up, Housing and Communities
4th Floor, Fry Building
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2 November 2022

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Dear Mr Gove,

Many congratulations on your recent re-appointment to the position of Secretary of State for Levelling Up, Housing and Communities. I am sure you will have many things on your agenda over the coming months especially given the significant economic challenges we are all facing.

I am the Deputy Leader and Cabinet Member with the Portfolio for Finance, Innovation & Property at Tonbridge & Malling Borough Council (TMBC), a district council in Kent. My purpose in writing, on behalf of the Cabinet of TMBC, is to make a plea that we receive some certainty about what is to happen regarding the Fair Funding Review, Negative Revenue Support Grant and New Homes Bonus in advance of us setting our budgets for 2023/24 and, crucially, updating our Medium-Term Financial Strategy (MTFS).

I am sure you will appreciate that work is well underway within local authorities in preparing draft Estimates for 2023/24 and updating our MTFS. However, a crucial element in terms of our income is the level of government funding we are likely to receive during that medium term. I won't bore you with the details of the financial pressures we are facing because every organisation is facing them – but any certainty would help us enormously in forward financial planning, even an indication of intentions would be useful.

In terms of Negative Revenue Support Grant (or Tariff Adjustment), you will be aware that the methodology set out in the finance settlement for 2016/17 made arrangements for a "Tariff Adjustment" to be implemented in 2019/20 in order to redistribute funds between local authorities. For this Council, that adjustment on its own represented a loss in funding of approaching £1m.

However, as we approached 2019/20, the (then) Secretary of State for the Ministry of Housing, Communities & Local Government announced that the implementation of this arrangement would be deferred. We very much welcomed this announcement and are pleased that the implementation is still deferred; however, in preparing our MTFS the

potential for this tariff adjustment to be implemented at any time must be reflected and the stark reality is that we would then need to find savings of £1m as a direct result of this alone and further put at risk financial sustainability. To put this into context this is almost half of this Council's business rates baseline funding level of £2.3m in 2022/23.

If the implementation of Negative Revenue Support Grant is to be declared 'null and void' this would be an enormous relief and will help us to manage the enormity of service savings, we still need to deliver. However, if it is not, we would at least like to know when this is likely to impact so we can plan accordingly. Can you please give us any advice?

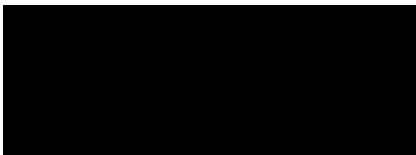
I suspect that the answer to my question may also be wrapped up within the "Fair Funding Review". The Fair Funding Review has been planned for some years but, understandably, has been delayed by the impact of the pandemic. Prior to the two leadership contests, local government had been notified by yourself (during your previous engagement as Secretary of State) that the Fair Funding Review would be launched during this calendar year. Can you please advise if this is still the case, and if not any likely timescales?

Finally, in early 2021 local authorities responded to a consultation about the future of New Homes Bonus. This is a source of income which helps to support the revenue budget in our borough (in other words, it helps to pay for day-to-day services). To date we have not heard the outcome of this consultation and government's proposed way forward. To help us to plan our finances over the medium term, can you please advise when we are likely to hear about New Homes Bonus?

We all want to make sure that we can deliver valued services to our residents and support them in these challenging times, whether at national or local level. However, I cannot stress enough how difficult it is for us to plan our finances, and thereby the services we can offer, in a meaningful way given the uncertainties we face.

Your assistance in updating me, and my colleagues, on the matters set out above would be greatly appreciated.

Yours sincerely



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