

Finance, Regeneration and Property Scrutiny Select Committee

16 September 2025

Part 1 - Public

Matters for Information



Cabinet Member Martin Coffin - Deputy Leader; and Cabinet Member for Finance, Waste and Technical Services;

Responsible Officer Paul Worden – Head of Finance and Section 151 Officer;

Report Author Paul Worden – Head of Finance and Section 151 Officer and William Waight –Revenues and Benefits Manager

Consultation Paper Responses

1 **Summary and Purpose of Report**

- 1.1 This report gives members the details of the submissions made in respect of two financial consultations that have taken place over the summer months, Fair Funding and Council Tax System modernisation.

2 **Corporate Strategy Priority Area**

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Government funding, through grant and retained Business Rates and Council Tax are the major sources of income to the Council as a whole. Major changes in the levels provided or ability to collect these funds will have a significant financial impact on the authority.

3 **Fair Funding 2.0**

- 3.1 On the 20th June the Government announces a consultation seeking views on the approach to Local Government Funding from the 2026/27 financial year. The consultation paper ran to some 126 pages and can be found using the following link:https://assets.publishing.service.gov.uk/media/688237662b6fd60b7c161009/Version_14_For_publication_Fair_Funding_Review_2.0.pdf
- 3.2 The consultation lasted for 6 weeks with a submission date of 15th August, **[Annex 1]** to this report gives the submitted response which was agreed by the Cabinet Member for Finance, Waste and Technical Services

- 3.3 The consultation lacks detail on individual authorities, this is expected to be given in the provisional settlement for 2026/27 in late November, but it does explain that the overall level of Council funding, known as Core Spending, will increase by 2.6% over the next three years to 2028/29. However, this includes increases in council tax which have been assumed to occur at the level proposed for capping e.g., 3% for District Councils and 5% for others. This means that Council Tax as a proportion of Core Spending will increase over the spending period.

Changes to grant income streams

- 3.4 In calculating the funding arrangements, the government has announced that no authority will receive zero government support, whilst this could be considered good news, they have also given details of several grants that are likely to be 'rolled into' the core spending, reducing the number of grants being paid to local authorities. The paper gives the details of the grants being considered but only New Homes Bonus, Homelessness Prevention/Rough Sleeper Grant and Discretionary Housing Payments.
- 3.5 Since the inception of New Homes Bonus, because of increasing housing stock by 8,000 or 16% since 2010/11, the Council has received significant levels of funds from this scheme, albeit reduced in more recent years, specifically using the grant to support the revenue budget. The Government sees this grant as a disincentive and has decided that the 2025/26 financial year will be the last year of the program. The grant funding, some £290m nationally, will be rolled into the core funding.
- 3.6 The proposals are to consolidate several grants into a single Homelessness and Rough Sleeping Grant, with temporary accommodation grant being subsumed into Revenue Support Grant (RSG) allocation for the authority to be distributed on the basis on Settlement Funding Assessment for Homelessness. Using the Government overall calculations this element is expected to be in the region of £400,000.
- 3.7 The council receives £158,698 Discretionary Housing Payments Grant in 2025/26. These funds are used to allow make payments to top up housing benefit costs for those assessed in need and are utilised fully by the Council. There is no information on how these funds will be distributed in the longer term.

Changes to needs assessment

- 3.8 The consultation then goes on to discuss needs assessment where Temporary Accommodation has now been recognised as an issue, making up 1.4% of national and 10.3% of lower tier expenditure and the inclusion of a specific formula for this area will have a meaningful impact on allocations for lower tier authorities.

- 3.9 There are also added changes to the area cost adjustment to include the costs of local labour markets and business rates valuations.

Business Rates and Council Tax

- 3.10 The calculation of assumed council tax income will be assessed to exclude discretionary schemes awarded by local authorities but will apply a national collection rate for income, this should serve the council well as we have a higher than average rate.
- 3.11 Very little is said about the business rates resets and how these could impact onto local areas other than the Government considers that the reset is overdue. In terms of Tonbridge and Malling this could result in some of the recent gains achieved on Business rates income being tapered over the spending period.

Multi-year Settlement

- 3.12 Finally, in to give local authorities greater certainty the settlement will announce the funding levels for three years through to 2028/29 and the effects Local Government Reorganisation will be addressed within the funding models.

4 Council Tax Consultation

- 4.1 Members may remember that on 22 July 2025 at this committee, it was reported that a consultation had been launched by the government seeking view on proposals to modernise the Council Tax system.
- 4.2 Full details can be viewed at:
<https://www.gov.uk/government/consultations/modernising-and-improving-the-administration-of-council-tax/modernising-and-improving-the-administration-of-council-tax#background>
- 4.3 The proposals were regarding changes to the ten-month statutory instalment plan, modernising council tax disregards and removing barriers to application, extending the timeline for enforcement of debts and capping summons/liability order costs.
- 4.4 A response has been formulated and subsequently shared with and agreed by the Cabinet Member for Finance, Waste and Technical Services. The response is available for information at **[ANNEX 2]**.
- 4.5 The deadline for submission of the response was 12 September 2025, which was after date this report was written so if there are any updates to the proposed submission, these will be provided verbally during the committee meeting.

5 Financial and Value for Money Considerations

- 5.1 As this report concerns the response to consultations any implications are given in the report and annexes.

6 Risk Assessment

6.1 None identified at this stage.

7 Legal Implications

7.1 No legal implications from making the responses.

8 Cross Cutting Issues

8.1 Equalities and Diversity

8.1.1 These are the responsibility of the consulting Government Department.

Background Papers	Links are contained in the report
Annexes	Annex 1 – Response to Fair Funding 2.0 Annex 2 – Response to Council Tax Modernisation.