



Department for
Communities and
Local Government

The 2018-19 Local Government Finance Settlement

Summary of responses to the Technical Consultation



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Contents

Introduction	4
Summary of Responses	5
The multi-year settlement offer	6
New Homes Bonus	7
Council tax referendum principles	9
Mayoral Combined Authorities	11
Transfer of Fire functions from County Councils to Police and Crime Commissioners	12
Equalities impacts	13

Introduction

1. A technical consultation on the 2018-19 Local Government Finance Settlement was undertaken this summer between 14 September and 26 October 2017. This is available at:
<https://www.gov.uk/government/consultations/local-government-finance-settlement-2018-to-2019-technical-consultation>.
2. The technical consultation proposed details of the distribution of central resources. It also:
 - outlined the third year of the four year multi-year settlement for those councils that accepted the offer, and arrangements for those that did not,
 - outlined the methodology for distributing New Homes Bonus funding following implementation of reforms announced at the time of the 2017-18 provisional settlement, and a proposal for further incentives to support the delivery of housing growth,
 - outlined proposals for the council tax referendum principles in 2018-19,
 - confirmed the approach being taken for adjusting business rates tariff and top-ups to cancel out, as far as is practicable, the impact of the 2017 business rates revaluation on local authorities' income,
 - set out our approach to Mayoral Combined Authorities precepts in 2018-19, and
 - outlined the approach for allocating settlement funding where a fire authority transfers from a county council in accordance with the provisions of the Fire and Rescue Services Act 2004, as amended by the Policing and Crime Act 2017, and the implications for the Adult Social Care council tax precept.

Summary of Responses

3. There were 330 responses to the consultation from a range of organisations including 197 from local authorities. A breakdown of responses is included below:

Type of Respondent Number

Combined Authority	2
London Boroughs	16
Metropolitan Districts	26
Unitary Authorities	25
Shire Counties	12
Shire Districts	73
Fire Authorities	24
GLA	1
Parish or Town Councils	95
Member of Parliament	1
Local Authority Association or other Special Interest Group	17
Members of the Public	7
Police and Crime Commissioner	18
Voluntary Organisation	1
Other responses	12
Total	330

4. This document provides a factual report of the responses received and does not attempt to capture every point that was made by respondents.

The multi-year settlement offer

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 as outlined in paragraphs 2.1.1 to 2.1.5?

5. From the 214 responses to this question, there was broad support across all classes of local authorities for continuing to provide funding certainty through a multi-year settlement, with 93% responding positively.
6. A number of additional comments were made in response to this question. There were 81 responses that called for continuing funding certainty beyond 2019-20. A total of 23 local authorities objected to the adjustments to top ups and tariffs in 2019-20, referred to as 'negative RSG'. Many authorities took the opportunity to provide views on the cost pressures they faced, particularly in relation to children's and adult social care. A small number of responses representing rural areas, called on the Government to maintain the value of the Rural Services Delivery Grant at £65 million.

New Homes Bonus

Question 2: Do you agree with the New Homes Bonus allocation mechanism set out above as outlined in paragraphs 3.3.1?

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 as outlined in paragraphs 3.3.2 ?

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 as outlined in paragraphs 3.3.2?

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 as outlined in paragraphs in 3.3.3?

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 as outlined in paragraphs in 3.3.3 and 3.3.4?

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 as outlined in paragraphs 3.4.1 to 3.3.4?

Question 8: Do you think that county councils should be included in the calculation of any adjustments to the New Homes Bonus allocations as outlined in paragraphs 3.4.5?

7. Since its introduction in 2011, the New Homes Bonus ('the Bonus') has been successful in encouraging local authorities to promote housing growth. Including 2018-19 allocations, £7 billion has been allocated to local authorities through the scheme to reward additional housing supply.
8. In 2015-16 the Government consulted on a number of possible reforms to the Bonus to sharpen the incentive for housebuilding and provide £800m for Adult Social Care. The outcome of this consultation was announced alongside the provisional local government finance settlement for 2017-18. At this time the Government decided to reduce the number of years for which legacy payments are made from 6 to 5 years in 2017-18, and then 4 years from 2018-19. In addition, a national baseline was set at 0.4%, below which the Bonus would not be paid.
9. The Government decided not to take forward proposals linking the New Homes Bonus to planning reforms in 2017-18; but confirmed that it would consider withholding part of the Bonus from authorities that were not planning effectively for new homes, from 2018-19.

9. The technical consultation included questions on further proposals intended to incentivise housebuilding by linking New Homes Bonus payments to the number of successful appeals against residential planning decisions.
10. There were 167 responses to question 2 and 17 (10%) respondents agreed with the preferred approach, linking Bonus allocations to the ratio of successful appeals against residential planning decisions. 138 (83%) respondents objected to the preferred approach. There were 24 (14%) responses that suggested an alternative methodology.
11. There were 140 responses to question 3, which were divided on whether data collected by the Planning Inspectorate (PINS) should be used if the preferred approach on appeals was implemented. 54 (39%) agreed with the proposition and 61 (44%) respondents objected to the use of PINS data.
12. Of the 133 responses to question 4, 57 (43%) agreed with the appeal/challenge procedure set out in the consultation, and 57 (43%) disagreed.
13. There were 129 responses to question 5. 60 (47%) respondents did not think there was an alternative mechanism to reflect the quality of planning decisions. Of those suggesting an alternative mechanism (37%), a number again suggested that any link to planning appeals should only be implemented on the basis of costs awarded.
14. There were 140 responses to question 6. 75 (54%) respondents thought that neither of the proposed methodologies set out in the consultation paper were suitable.
15. The 86 responses to question 7 were evenly divided, with 36 (42%) in agreement that any adjustments made to the Bonus should apply in areas covered by National Park Authorities, the Broads Authority and development corporations, and 35 (41%) disagreeing.
16. There were 121 responses to question 8. Just over half of respondents, 63 (52%), agreed that County Councils should be included in any adjustments made to the New Homes Bonus. 45 (37%) objected, including 10 (83%) shire counties.

Council tax referendum principles

Question 9: Do you have views on council tax referendum principles for 2018-19 for principal local authorities outlined in paragraphs 4.1.1?

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?

17. The Government balances the need to keep council tax low with ensuring that all local authorities, including councils, fire and rescue authorities, Police and Crime Commissioners and combined authority mayors, can raise sufficient funds to deliver statutory services. The Government's technical consultation set out proposals for referendum principles which reaffirmed that local residents will be able to veto excessive increases via a referendum, and sought views on the following referendum principles for next year:

- a core principle of less than 2%. This would apply to shire counties, unitary authorities, London boroughs, the Greater London Authority, Fire Authorities, and Police and Crime Commissioners except those whose Band D precept is in the lower quartile of that category (see below)
- the Government is considering whether a 2% principle would apply to the precepts set for the general functions of Mayoral Combined Authorities (see section 6). It is anticipated that the relevant police principle would apply to the Greater Manchester Combined Authority's police functions (see below)
- a continuation of the Adult Social Care precept of an additional 2% with additional flexibility to increase the precept by 1% to 3% in 2018-19, provided that increases do not exceed 6% between 2017-18 and 2019-20. This would apply to county councils, unitary authorities and London boroughs (including the Common Council of the City of London and the council of the Isles of Scilly), subject to consideration of the use made of the Adult Social Care precept in the previous year
- shire district councils would be allowed increases of less than 2% or up to and including £5, whichever is higher
- Police precepts in the lowest quartile would be allowed increases of less than 2% or up to and including £5, whichever is higher.

18. There were 296 responses to question 9. More than half of local authorities (117) opposed the setting of referendum principles arguing that given the underlying financial pressures being faced by local authorities, such as inflation running above the 2%, costs associated with the introduction of the new living wage and ASC pressures justified allowing local authorities to decide the level of increase.

19. The technical consultation restated the challenge to Parish and Town Councils to maintain restraint when setting council tax increases, including considering other options that would mitigate the need for council tax increases, such as more use of reserves where they are not already earmarked for particular purposes or for 'invest to save' projects. Of the 95 Parishes that responded to the technical consultation, 93 (99%) opposed the setting of any referendum principle. The Parishes opposed to the setting of council tax principles argued that the cost of organising a referendum was financially punitive when compared to the amounts collected through Parish precepts, which would make the exercise disproportionately expensive.

20. There were 181 responses to question 10 with 153 having a view on whether additional flexibilities should be introduced to particular categories of authorities. There were 21 responses from Fire Authorities, of which 86% indicated that they would like to see additional flexibilities extended and 18 Police and Crime Commissioners also responded, included 72% that argued for additional flexibilities to tackle rising crime trends.

Mayoral Combined Authorities

Question 11: What factors should be taken into account in determining an Alternative Notional Amount for Combined Authority mayors outlined in paragraphs 3.4.5?

21. The technical consultation confirmed that the Government was considering applying referendum principles to Mayoral Combined Authorities (MCAs).
22. Since newly established MCAs' mayoral precepts will have no Band D amount from the previous year for the purpose of setting council tax, it would be necessary to set notional figures or Alternative Notional Amounts (ANAs) to enable this determination. The technical consultation set out proposals, which included wider engagement with MCAs to determine conferral functions, including additional mayoral functions, that would help in setting ANA baselines for MCAs.
23. There were 57 respondents to this question, of which 25% felt that MCAs should be able to decide how much they raise (including one of the two MCAs responding) and be accountable for their precept with no limit, in line with views on council tax referendum limits. Some authorities also suggested that the precept should be in line with agreed devolution deals. However, other comments suggested that there should be transparency and fairness in relation to other authorities and Combined Authorities should be encouraged to keep council tax low.

Transfer of Fire functions from County Councils to Police and Crime Commissioners

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

24. The technical consultation sought views on the proposed approach to correcting the reduction in a county council's income from the Adult Social Care precept in the event that its fire functions are transferred to a Police and Crime Commissioner, under the provisions of the Fire and Rescue Services Act 2004 amended by the Policing and Crime Act 2017.
25. There were 62 responses to question 12 of which 66% agreed with the proposed approach, with 7% disagreeing. Of the 10 shire counties that responded to this question, 50% agreed with the proposed approach.

Equalities impacts

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.

26. We sought comments on the impacts of the proposals for the 2018-19 settlement outlined in the consultation document on persons who share a protected characteristic. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation.
27. We received 43 responses to this question of which 11 (26%) identified age and 5 (12%) identified those who were disabled. Respondents identified concerns regarding pressures on adult social care and children's services, deprivation and the impact on rural communities.
28. Responses to Question 13 have been considered carefully and taken into account in final decisions. A draft equalities statement is published alongside the provisional settlement.