

Kettering Borough Council Response to the 2019/20 Local Government Finance Settlement (Technical Consultation Paper)

Respondent	
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The Council welcomes the opportunity to comment on the 2019/20 Local Government Finance Settlement technical consultation document.

General Comment

Although there is not a specific question relating to New Homes Bonus the Council wishes to express its strong opposition to the proposal to increase the baseline from the current 0.4%. In our response to the 2018/19 Settlement consultation we responded that any threshold is unacceptable and acts as a disincentive to district councils to promote housing growth. We are also concerned by the nature of the comments in paragraph 3.3.1 that there may be some further dilution of the incentives for new homes beyond 2020/21 as it seems perverse to consider withdrawing incentives that encourage housing growth. The New Homes Bonus has been a relatively stable component of local authority financing for some years and we are concerned that any changes would further add to the uncertainty of future funding with the major changes to Fair Funding and Business Rates Retention that are due to impact from 2020/21.

Question 1. Do you agree that the Government should confirm the final year of the four year offer as set out in 2016/17?

Response – Having embarked on a four year settlement it is only right that the Government should honour its commitment to local authorities. It is difficult to see how, having set the precedent in the previous three years, the arrangements could be altered. The Council has always supported the principle of providing certainty over a four year period. However, greater certainty could have been provided if arrangements had been made to make this a rolling four year period. 2019/20 is the final year of the current agreement and there is no certainty beyond that, which effectively puts local authorities back to their position in 2015/16. We would reiterate that the settlements beyond 2020 should provide local authorities with stability and certainty in terms of funding.

Question 2. Do you agree with the council tax referendum principles proposed by the Government for 2019/20?

Response – The Council does not agree with the principle of council tax referendum. It believes that as Councils are democratically elected they should be accountable for their local tax decisions rather than these being determined by central government.

If the Government is to continue with the referendum principles, then we would call for greater flexibility for principal authorities than the 3% threshold or £5 limit for District Councils. The criteria for a referendum should also be based on an increase in cash amounts rather than on a percentage increase. Using a percentage increase will only serve to widen the gap in council tax between those councils at the higher and lower ends of the scale.

Question 3. Do you agree with the Government's preferred approach that Negative Revenue Support Grant is eliminated in full via foregone business rates receipts in 2019/20?

Response – The Council is completely opposed to the concept of Negative Revenue Support Grant, and agrees that continuing with the practice adopted in 2017/18 and 2018/19 would be the most equitable solution. We recognise that the scale is greater in 2019/20 than it has been in previous years and the Government is to be commended for addressing the issue in this manner.

Question 4. If you disagree with the Government's preferred approach to Negative Revenue Support Grant please express your preference for an alternative option. If you believe there is an alternative mechanism for dealing with Negative Revenue Support Grant not explored here please provide further detail.

Response – Not applicable

Question 5. Do you have any comments on the impact of the proposals for the 2019/20 settlement outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

Response – We do not believe there is sufficient information in the consultation to comment on this.