

REPORT OF: FINANCIAL SERVICES MANAGER

TO: EXECUTIVE

DATE: 19th OCTOBER 2017

Report Author: Vince Green

Contact Details: 01282 661867

E-mail: vince.green@pendle.gov.uk

**LOCAL GOVERNMENT FINANCE SETTLEMENT 2018/19
RESPONSE TO CONSULTATION**

INTRODUCTION

1. The purpose of this report is to present a draft response for consideration and approval by the Executive to the Government's technical consultation on aspects of the Local Government Finance Settlement for 2018/19.

RECOMMENDATION

2. It is recommended that the Executive considers and accepts the draft response to the consultation provided at [Appendix B](#) and authorise the Financial Services Manager to submit this to DCLG by the deadline of 26th October 2017.

REASON FOR RECOMMENDATION

3. To agree and approve for submission the Council's response to the above consultation.

ISSUE

Technical Consultation

4. On 14 September 2017 the government issued 'The Local Government Finance Settlement Technical Consultation Paper'. Although the government has already set out indicative figures for local government funding up until 2019/20 following the 2015 Spending Review; each year the government issues a technical consultation in advance of the settlement. This sets out the technical issues that will need to be considered and finalised before the provisional local government finance settlement can be issued in December each year.
5. A copy of the consultation document is provided at [Appendix A](#). It asks for responses to 13 questions. The consultation runs for 6 weeks, closing on Thursday 26 October.

6. A number of questions relate to the allocations mechanism for New Homes Bonus (NHB). The government last consulted on changes to the NHB scheme in December 2015 to 'sharpen the incentive' and announced the result of this consultation in December 2016. As a result of this:
 - the number of years for which the Bonus is received reduced from 6 to 5 years in 2017/18; and this will reduce again to 4 years in 2018/19;
 - a national baseline of growth was adopted below which no payment is made for the year in which growth was below the baseline. This was set at 0.4% for 2017/18; and the government retains the option to adjust this baseline for 2018/19 and beyond. The government confirms that it will not advise local authorities of any change to the baseline until the provisional settlement for 2018/19.
7. The government did not implement other proposals made in the consultation issued in December 2015; in particular for penalties where an authority did not have a Local Plan approved or for development subject to a decision on appeal by the Planning Inspectorate (PINS). However the government stated in December 2016 that it would consider withholding part of the funding provided through NHB and it is therefore consulting now on how development delivered on appeal should affect the allocation of NHB made.
8. In the original consultation the government outlined options for directly reducing NHB grant for each unit included after a decision on appeal by PINS. The government is now outlining an alternative, which is to link the level of NHB grant awarded for a year subject to the ratio of appeals allowed by PINS compared to the total planning applications made to the local planning authority (LPA). For example, if 3 properties are given approval on appeal by PINS and in total the LPA had made decisions on 100 applications during the year, there would be a 3% reduction to the grant made for the year.
9. The proposed response to the above and other questions outlined in the consultation is provided at [Appendix B](#). The Executive is asked to consider and approve this for submission to DCLG by the response deadline of 26th October.

Policy

10. There are no policy implications arising from the contents of this report.

Financial

11. There are no new financial implications arising from the content of this report pending confirmation of the government's proposals. The Council's allocation of New Homes Bonus has already been significantly impacted by the implementation of a national baseline from the current year. Were this to increase further the likelihood is that the Council would no longer receive the Bonus once the current legacy payments are phased out.

Legal

12. There are no legal implications arising from the contents of this report.

Risk Management

13. There are no new risk management issues arising directly from the contents of this report.

Health and Safety

14. There are no health and safety implications arising directly from the contents of this report.

Sustainability

15. There are no sustainability implications arising directly from this report.

Community Safety

16. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity

17. There are no equality and diversity issues arising from the contents of this report.

APPENDICES

Appendix A – DCLG Technical Consultation Paper – available via the website
www.pendle.gov.uk
<http://www.pendle.gov.uk/meetings/meeting/2406/executive>

Appendix B – Draft response to the Consultation