

**DCLG Technical Consultation on the Local Government Finance Settlement 2018/19 (October 2017)**

**Q1. 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?**

The Council accepted the Government's offer made during the 2016/17 settlement.

Whilst this has provided some certainty regarding the level of government funding it does nothing to address the significant and ongoing reductions in funding for local government and the disproportionate impact these reductions have had on District Councils as a class of authority.

There is also nothing thus far which makes a compelling case for accepting the offer relative to those authorities who did not, leaving some to perhaps question what difference it has made.

Given that next year, 2018/19 represents year 3 of the 'offer' period there would seem little point in breaking with the arrangement now.

**Q2. Do you agree with the New Homes Bonus allocations mechanism set out above?**

*Applying a % baseline*

A national baseline seemingly ties local government income through the NHB to the performance of the wider economy and not the performance of the LPA. It therefore reduces the clear and simple incentive effect of the current reward mechanism, and may eventually discourage housing growth as a result.

The bonus should be paid in relation to numbers of houses that are built or empty homes that are reduced. It is an incentive to reward housing growth and therefore all housing growth should count.

As a council that has benefitted more from a reduction in empty homes rather than growth in new housing the setting of a national baseline will significantly reduce or remove the incentive unless any baseline is set with regard to the circumstances of the local authority. Pendle has experienced housing market failure and is an area generally of low housing demand albeit with pockets of potential development. Applying a one size fits all national baseline does nothing to recognise or help address this.

There is a concern based on the consultation material that the Government will look to increase the baseline % for 2018/19. If this is confirmed the real effect of this on Councils like Pendle will be to remove any ongoing benefit from New Homes Bonus entirely. An income stream that was yielding c£1m per annum will effectively reduce to zero once current legacy payments are phased out.

The current consultation on setting housing numbers for Local Plans has, in all but one case, seen significant reductions in the housing allocations for each Lancashire Council. Nationally, there is a clear north south divide with housing numbers increasing almost across the board in southern areas but reducing in the north. This will also have an impact on the ability of many Councils to build at higher rates and thus receive New Homes Bonus.

#### *Linking Bonus allocations to the number of homes granted on appeal*

The logic of this approach seems flawed. On one hand authorities are being incentivised to put Local Plans in place but then if approval is refused, in accordance with their Local Plan, authorities will be penalised by a reduction in Bonus payments if approval is then subsequently granted on appeal.

There is also a fundamental principle here about localism. Councils should not be penalised for making planning decisions in a democratic manner that are robust and defensible. This proposal is counter to the message of localism that the government is promoting where communities should have a say on how their area develops.

If the Government is minded to implement such a scheme, this should only occur when new homes granted on appeal are actually completed. Many outline permissions take years to commence, let alone complete. It would be unfair to reduce NHB in any given year by the number of dwellings allowed on appeal in that year, as there is no guarantee that the homes allowed on appeal would ever be built.

If this is to proceed then any reduction should not be linked to appeals that have been allowed. It should only be linked to cases where costs have been awarded for unreasonable behaviour. If decisions are made on applications that are properly defended on sound planning grounds to penalise Councils for making decisions in a democratic way will only serve to undermine democracy. Only in instances where those decisions have been reached in an unreasonable way should payments be withheld for the housing allowed through appeal.

**Q3. 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?**

If such an approach is to be implemented leading to reductions in bonus payments for homes built on appeal then the use of PINS data appears reasonable. This is provided there is an opportunity for authorities to make representations on the proposed dataset each year in case of any local 'anomalies'.

**Q4. 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?**

Agreed, provided there is a meaningful opportunity for authorities to input to the process and make representations on the proposed dataset each year.

**Q5. Are there alternative mechanisms that could be employed to reflect the quality of decision making on planning applications which should be put in place?**

Quality of decision making is a term misused in the consultation. Quality of decision making is not linked to whether an appeal is or is not successful. Part of this is that the quality of decision making of PINS has itself reduced. There is inconsistency within the Inspectorate which in turn makes the appeal process more uncertain than it used to be.

Quality of decision is also not measured by the outcome of the appeal. It is measured by whether a party has acted unreasonably. That is a fundamental part of the planning process and it is entirely inappropriate for pressure to be put on democratically elected Committees to approve applications simply to gain new homes bonus in instances where there are reasonable planning grounds to refuse permission. We reiterate that the test should be linked to only those applications where costs have been awarded against a Council for acting unreasonably.

**Q6. 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?**

Neither mechanism is considered appropriate for reasons given above.

**Q7. 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?**

Yes – if they must be applied at all then they should be applied consistently and fairly across relevant sectors.

**Q8. Do you think that county councils should be included in the calculation of any adjustments to the New Homes Bonus allocations?**

Yes – again, if such adjustments are to apply, we would agree that County Councils should be included in any adjustments to the bonus payments. The rationale for this is that any revised scheme, once determined, should be applied consistently to all the local and public authorities it affects.

**Q9. Do you have views on council tax referendum principles for 2018-19 for principal local authorities?**

The Government is once again proposing to limit increases in council tax for District Councils to the greater of 1.99% or £5 at Band D.

The Council maintains its position as set out in responses to previous consultation exercises on similar matters that Councils should have the flexibility to increase Council Tax, taking account of local circumstances, without the need for a referendum. Councillors are democratically elected to serve their local communities and it is they who are accountable to their local electorate.

If self-funding is the Government's intended model for local government then there must be greater flexibility for Councils to vary council tax discounts and more control granted on matters such as the setting of planning fees for example.

**Q10. Do you have views on whether additional flexibilities are required for particular categories of authority? What evidence is available to support this specific flexibility?**

We acknowledge that each class of authority faces a range of spending pressures which merit consideration of additional flexibilities linked to council tax setting.

We recognised in our consultation response on the 2017/18 Settlement the difficulties facing councils responsible for social care. However, we did not feel that the diversion of funding from New Homes Bonus to provide limited additional funding towards adult social care really did much to address the issue, nor does it provide a long-term sustainable solution.

We are aware of the proposal submitted by the District Councils Network in their Autumn Budget submission for a 2% prevention precept for District Councils and feel this has merit. Such councils play a huge role in health prevention (e.g. through improving housing, leisure and recreation facilities, tackling homelessness, and supporting troubled families) which all help reduce demand on health and social care services. A recent study by the Kings Fund showed that up to £70 can be saved for every pound spent on prevention investment such as home adaptations.

Lastly, and whilst not explicitly covered in this consultation, the Council would not support a general extension of the referendum principles to local town and parish councils. Whilst not proposed in this latest consultation the paper does say that any revised proposals will be set out at the time of the provisional local government settlement later in the year. The rationale for our position remains as submitted in the equivalent technical response last year in which we commented as follows:

*....that the suggestion that referendums be extended to all parishes is disproportionate and unnecessary. It would be demotivating and alarming for many parish councillors working hard for their localities and will be divisive for their communities....*

**Q11. What factors should be taken into account in determining an Alternative Notional Amount for Combined Authority mayors?**

As this is not directly relevant to our current circumstances within the County we have no observations to make on this.

**Q12. Do you agree with the proposed approach to correcting the reduction in relevant county councils' income from the Adult Social Care precept?**

As this concerns the potential for transfers of fire and rescue responsibilities from relevant upper tier authorities to the Police and Crime Commissioner we have no observations to make on this.

**Q13. Do you have any comments on the impact of the proposals for 2018-19 settlement outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.**

We have nothing to add in respect of this – and presume that the Government will assess the implications of their policy decisions in line with current requirements.