



**WOKINGHAM
BOROUGH COUNCIL**

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Local Government Finance Settlement Team
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Dear Sir,

LOCAL GOVERNMENT FINANCE SETTLEMENT 2021/22 – CONSULTATION RESPONSE

Wokingham Borough Council once again welcomes the Government's decision not to enact the potential transfer of our council taxpayers' money to other councils through the imposition of Negative Revenue Support Grant. We hope that this baseline funding for 2021/22, without the imposition of Negative Revenue Support Grant, will be honoured in any new long term settlement beyond this year. In the interest of sound financial planning, it is also important that any future settlement is for at least a four year period, in the same way as previously announced for the period 2016/20.

Whilst acknowledging the reasons for a single year settlement following the spending review, it is hoped that any future settlement is of a longer duration and that new local government funding model based on needs and resources. We very much hope that the disproportionate amount of income we are already required to levy from our council taxpayers, as a result of our extremely low historical government funding, is not taken into account in a way that penalises them further. We also very much hope that there is a greater weighting given towards recognising the basic cost of delivering services, when determining need, as opposed to steering funding elsewhere as a result of recognising specific factors such as deprivation. In 2021/22, Wokingham will once again receive the lowest percentage of Settlement Funding Assessment Grant as a share of its total income, of any unitary authority. Wokingham will receive 10%, compared to some unitary councils for which government grants will fund over 40%, and on average 28%. As a result, the percentage of expenditure met by Wokingham council tax payers is already the highest of any unitary authority.

There are a number of one-off funding items included in the 2021/22 settlement and although additional funding is always welcome, it makes longer term financial planning difficult and therefore ongoing funding commitments in future settlements are strongly encouraged, particularly where they are required to address long term terms challenges within our statutory care services.

We believe that the continuation of the New Homes Bonus is important if local authorities are to remain financially incentivised for their work in "fixing our broken housing market", and therefore support its inclusion

in the 2021/22 proposed settlement and hopefully its continued inclusion in one form or another beyond this year; the decision to restrict NHB to a single payment for next year is regretted and it is further hoped that any fairer funding model continues to recognise the long term planning of authorities attempting to address the national housing shortage. We would however urge the Government to introduce measures to prevent housing developers sitting on significant Local Authority granted planning permissions and thereby frustrating housing delivery. Again certainty over future year settlements would be appreciated to allow longer-term budget planning and investment in local services, whilst recognising and rewarding the important part that local authorities play in the delivery of additional housing in support of key national objective.

The Council also welcomes the additional flexibility to increase its Council Tax and believes that local discretion to levy taxes and generate additional income should be provided to councils in any new funding settlement, particularly in the context of the escalating costs of statutory demand led care services.

This Council, as with all others, has been hit hard by the Covid-19 pandemic and the response from the Government has been recognised and all funding assistance has been gratefully received and fully utilised for the current financial year. Whilst pressures for next year (2021/22) have been partially offset by the settlement funding for Covid-19, it is considered that the longer term effects from the pandemic (long term unemployment and recession, the impact on families and consequent increase in demand for long term care for vulnerable young people) will mean that there will be pressures on local authority budgets for years to come, and it is hoped any future settlements will take full account of this.

On a final point, this Council like many other councils, face spiralling special education needs costs that cannot be accommodated within existing budgets and are extremely difficult to contain. Whilst the right noises are being made by DfE, the funding for this nature of expenditure is still both significantly constrained by regulation and wholly inadequate. Ideally we would like this addressed through the 2021/22 settlement, but if this is not possible it should be incorporated in the fundamental funding review for 2022 onwards.

I hope the above response clearly conveys this Council's key concerns in respect of the proposed Local Government Finance Settlement and informs future funding considerations. If you would like to discuss any of the points raised then please do not hesitate to contact me.

John Kaiser
Executive Member for Finance and Housing

Graham Ebers
Deputy Chief Executive (& Chief Finance Officer)