

Appendix 6



**WOKINGHAM
BOROUGH COUNCIL**

Tel: 0118 974 6557 (Direct Line)
Email: graham.ebers@wokingham.gov.uk

Date: 16 January 2023

Our ref: CorpFin/03/23-24/CFO Report

Local Government Finance Settlement Team
Ministry of Housing, Communities and Local Government
2nd Floor, Fry Building
2 Marsham Street
LONDON
SW1P 4DF

Corporate Services

PO Box 150

Shute End, Wokingham

Berkshire, RG40 1WN

0118 974 6000

DX: 33506 - Wokingham

www.wokingham.gov.uk

Dear Sir,

LOCAL GOVERNMENT FINANCE SETTLEMENT 2023/24 – CONSULTATION RESPONSE

Dear Sir,

I am writing to you in respect of the above, and whilst we will also formally respond to the consultation questionnaire I felt it important to also provide you further details about the current financial pressures and significant risks that the settlement, and previous years settlement are now meaning for Wokingham.

Whilst again acknowledging the reasons for a single year settlement following the spending review, it is crucial that future settlement are of a longer duration and that any new local government funding model is based on the genuine costs of running a Local Authority and avoids a disproportionate allocation of available funding to meet perceived additional Local Authority needs. It is particularly welcome that the assumed Council Tax increase was excluded from the minimum core spending increase guarantee, as including Council Tax increases further penalised Authorities that are already required to raise a significant percentage of income from Council Tax to fund its net expenditure. We hope this principle continues into future funding Settlements.

In respect of the overall allocation of funding for 2023/24 we again ask that greater weighting is given towards recognising the basic cost of delivering Local Authority services, when determining need, as opposed to the recognition of specific factors. Wokingham will once again receive the lowest funding per head of population of any Unitary Authority which has a profound financial impact on us; if we were funded at the average we would receive almost £30m p.a. additional Government support (approximately one quarter of our total net budget). As a result, a disproportionate amount of expenditure has to be met by Wokingham council tax payers who are required to make a higher percentage contribution to funding services than any other unitary authority. We therefore strongly urge that this is taken into account in any future settlement.

We welcome the additional flexibility the ability to increase Council Tax provides and believe 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. However, it should be recognised that this further adds to the financial burden on our Council Taxpayers and believe the answer is to address the insignificant quantum of funding made available to Local Authorities, particularly Wokingham. The provision of sustainable ongoing Local Authority funding must provide for the already challenging and escalating costs of Adult Social Care, which are well documented. Furthermore, this Council continues to be hit hard by a number of demand and cost pressures including; the longer-term impacts of Covid-19 pandemic, pressures from accommodating refugees and the impacts of cost of living pressures. There are also a number of Children's social care pressures such as increases of 30% in the number of children in care, over 200% demand for mainstream school places and 30% Educational, Health and Care Plans (all figures are year on year increases). Therefore, whilst the increase in core spending is welcomed it does not go anywhere near far enough to meet the number of pressures and ultimately costs increases we are experiencing.

Given the context above we consider the notion of a Negative Revenue Support both financially unsustainable and morally questionable and we again greatly welcome the Government's decision not to enact the potential transfer of our council taxpayers' money to other councils through the imposition of this measure. We trust that the baseline funding for 2023/24, without the imposition of Negative Revenue Support Grant, will be honoured in any new long-term settlement beyond this year.

On a final point, we believe that the continuation of the New Homes Bonus (NHB) 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 2023/24 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 also urge the Government to introduce measures to prevent housing developers holding onto significant Local Authority granted planning permissions and thereby frustrating housing delivery.

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.

Yours



Clive Jones
Leader of the Council



Imogen Shepherd-Dubey
Executive Member for Finance and Housing



Graham Ebers
Deputy Chief Executive (& Chief Finance Officer)