



**WOKINGHAM  
BOROUGH COUNCIL**

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Date: TBC

Our ref: CorpFin/03/24-25/CFO Report

Local Government Finance Settlement Team  
Ministry of Housing, Communities and Local Government  
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Dear Sir,

#### **LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25 – CONSULTATION RESPONSE**

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.

The Council continues to be hit hard by a number of demand and cost pressures including; pressures from accommodating refugees, inflation, including particularly national living wage, and the impacts of cost of living pressures. 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. This in the context of further very significant pressures expected from future changes to adult social care.

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 based on needs and resources.

We welcome the continued 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.

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 2024/25 proposed settlement and hope that any fairer funding model continues to recognise the long term planning of authorities attempting to address the national housing shortage.

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 2024/25, without the imposition of Negative Revenue Support Grant, will be honoured in any new long term settlement beyond this year.

However, our most substantial point is about the calculation of Local Authority need and the level of funding attributed to the current need calculation. Wokingham Borough Council are the lowest funded Unitary Authority of our type and to demonstrate the disparity, if funding was set at the same level per head as the highest Authority it would increase our budget by **£120m p.a.** which would add a staggering **80%** on our total budget. Whilst recognising some Local Authorities will have higher needs, this level of disparity cannot be correct or appropriate. The current model of funding is significantly flawed as it is driven by erroneous needs-based calculations that both assume need only arises from deprivation factors and weights this need disproportionately, leaving little left for the basic cost of running services. An example of the unfairness and inaccuracy of the current approach is illustrated through the University of Kent Social Care distribution model, which is based on strong evidence and has a level of sophistication to understand local financial impacts. If grants were allocated on this basis rather than the current formula Wokingham would receive an additional **£11m p.a.** This would have a huge impact on allowing the Council to deliver key services to local residents.

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. We are concerned that it is not recognised or understood that relative affluence also drives Local Authority costs and that the focus to date has been on deprivation factors alone. Because of this we strongly advocate a more sophisticated funding model that reflects real needs and a flatter distribution of funding across Local Authorities.

If you would like to discuss any of the points raised then please do not hesitate to contact me.

Yours

Stephen Conway  
Leader of the Council

Imogen Shepherd-Dubey  
Executive Member for Finance

Graham Ebers  
Deputy Chief Executive (& Chief Finance Officer)