



Department for Levelling Up,
Housing & Communities

Simon Hoare MP
Minister for Local Government
2 Marsham Street
London
SW1P 4DF

Your reference:
Our reference:

Councillor Ann-Marie Barker
Leader of Woking Borough Council

By email

18th December 2023

As you will be aware, my Department has continued to work closely with your Council and the Commissioners to support the ongoing financial recovery of Woking Borough Council, and I am grateful for the Council's continued efforts and cooperation as the process of improvement continues. I wish to set out the Government's intended approach and expectations on the need for financial support for 2024/25.

The Government has been clear that a core principle underpinning Exceptional Financial Support is that councils should take all possible steps locally to manage their budget pressures and restore long-term financial sustainability. This is an important part of ensuring that any support agreed by Government represents value for money to national taxpayers. Continuing the work in Woking to maximise asset sales, achieve greater clarity on the scale and nature of complex financial liabilities, and identify necessary service savings and efficiencies is therefore critical.

I am grateful to the Commissioners for overseeing that work and for the Council's cooperation and commitment. However, as you will recognise, the scale of the Council's financial liabilities remains of significant concern and the level of support that Government may need to provide over time is unprecedented. As such, it is right that the Council continues to take all necessary steps to support its own financial recovery, including the role that council tax can play in that recovery.

On 5 December the local government finance policy statement 2024-25 set out that for councils requiring Exceptional Financial Support, the Government will consider representations from councils on further council tax flexibilities. In consideration of the scale and severity of Woking's position it is the Government's view that an increase in council tax of an additional 7% above general referendum principles is appropriate and proportionate. In light of this, Government has today proposed a bespoke core council tax referendum principle of 10% for the Council within the provisional local government finance settlement.

I am conscious of the impact on local taxpayers, particularly those on low incomes, of having to foot part of the bill for their Council's significant failings. As per last year, it


is Government's view that in implementing the additional increases, the Council should take steps to mitigate the impact on those least able to pay.

You will also recognise that due to the scale and unprecedented nature of the Council's financial liabilities, Woking will need ongoing support from Government for several years to come. This will of course include support to set a balanced budget for 2024/25. Work overseen by the Commissioners has confirmed that the Council cannot reasonably meet the cost of its Minimum Revenue Provision (MRP) and that this is a contributing factor to the Council's ongoing deficit position.

My Department will continue to work with your officers and the Commissioners about the approach to 2024/25, including the Council's approach to setting its MRP policy taking account of relevant guidance. I also expect the Council to work with the Commissioners to set out to the Department a clear request for in-principle capitalisation for the element of the Council's deficit that can be met through capitalisation in the week commencing 8 January. I expect this to be accompanied by the Council's proposed approach to council tax increases, recognising that additional flexibility to increase council tax is being provided as a consequence of the financial failure of the Council.

Clearly our overall objective is to return the Council to a position of long-term sustainability, enabling it to deliver efficient and effective services to residents without the need for ongoing support from Government. However, we need to do this in a way which minimises the need for direct additional support from Government, the associated negative impact for national taxpayers, and which provides very robust assurance that any financial support represents value for money. In such exceptional circumstances, where ongoing support necessitates Government agreeing to take specific action, consideration will of course be given to appropriate consequences to ensure that the interest of taxpayers is protected. National taxpayers must not foot the bill for local failures.

I would be happy to meet you to discuss the contents of this letter should you wish. I am copying this letter to the Chief Executive, Section 151 Officer and Commissioners.

Yours sincerely


SIMON HOARE MP
Minister for Local Government