

RBWM response to the Local Government Finance Settlement 2026-2027 Consultation

The Royal Borough of Windsor and Maidenhead welcomes the opportunity to comment on the provisional local government finance settlement.

Question 1: Do you agree or disagree with the government's proposals for distributing the total Fair Funding Allocation across the multi-year Settlement period from 2026-27? This encompasses the approach to Baseline Funding Levels, Revenue Support Grant, the Adult Social Care Relative Needs Formula distribution, the additional funding for local services, the approach to the Local Authority Better Care Grant, and the method for calculating tariffs and top-ups.

Disagree.

The government's proposals for distributing funding to local authorities result in the Royal Borough of Windsor & Maidenhead (RBWM) being virtually entirely reliant on council tax to run local services by 2028-29, with the lowest fair funding assessment of any authority in the country, including district councils that provide a far narrower range of services. By 2028-29 RBWM are expected to receive just £2.2million in retained business rates and revenue support grant to fund delivery of adults and children's social care, temporary accommodation as well as highways, libraries, and the myriad of other services required. This position is not sustainable and therefore we cannot agree with the proposed distribution of funding.

Under the new system, RBWM is set to retain less than 1% of the business rates we collect. Ratepayers in the Borough understandably believe they are contributing towards the delivery of local services when they pay their bill to us, but under the new arrangement this is largely not the case with funds being redistributed to other parts of the country. Whilst the need for some redistribution is understood, it has reached the

point where there is no longer any tangible link between what is raised locally and what is spent locally. Supporting businesses requires investment and without retention of business rates this ends up being funded from council tax instead.

RBWM accepts that it is a relatively affluent Borough, but this does not mean there aren't also people in the Borough living in poverty. That said, there are also many other factors that drive the need for support from council services, beyond deprivation. The weighting given to deprivation in the funding formula appears to be significantly overstated. In children's services we see the impact of county lines and parental substance misuse as significant factors in children and families needing support. These are not unique to those in deprivation. In adult social care we see people living longer and therefore even those that may have had funds to support their own care, see these become depleted over time and turn to the local authority for assistance. This is compounded by the very high number of care beds available within RBWM compared to our neighbouring authorities. These type of cost drivers are not properly recognised in the relative needs assessment.

In relation to relative resources, this is determined by the notional council tax, which bears no relation to the actual council tax that can be levied in the borough. With council tax well below the national average, RBWM's income is approximately £30-35 million lower than assumed in the settlement with no immediate way of closing this gap. Other authorities will inevitably have the opposite scenario where council tax is above the average, and they can raise much more than is assumed yet get grant funding based on this being lower.

In relation to Adult Social Care, the local authority better care grant (LABCG) is being rolled in to revenue support grant but separately identified in 2026-27. The consultation further states "The Core Spending Power Table does not set out provisional allocations of the LABCG in 2027-28 and 2028-29. In these years, LABCG funding is included within the total Fair Funding Allocation and is notionally presented within the RSG. As a result, adult social care notional allocations will not change." At RBWM, the provisional settlement states our RSG in 2028-29 is just £1.673million and yet the current LABCG is £2.784million. It is therefore not possible for LABCG to be contained within RSG without

the amount changing, unless RSG is negative, which officers have been assured it won't be. The council requests clarification on how this commitment to LABCG will be maintained when it exceeds our RSG allocation.

RBWM has required exceptional financial support to balance our budget in 2025-26 and has applied for support again in 2026-27. The revenue costs in interest and minimum revenue provision, of financing the borrowing required under the EFS approach is growing every year further EFS is required. This additional cost is, understandably, not reflected in the settlement but as it continues to grow, this makes closing the gap ever harder. Prior to the fair funding review, there was a path out of requiring this support by raising council tax to be more in line with the national average. Now, such a move reduces the gap, but is no longer sufficient to close it entirely. We therefore cannot agree with the proposals set out in the settlement.

Question 2: Do you agree or disagree with the government's proposed transitional arrangements?

Disagree.

The introduction of a 95% funding floor fails to recognise that some authorities that meet the criteria for this to be applied were already facing financial challenges and can therefore not afford to lose further funding. It's application also relies on arbitrary thresholds to treat some authorities differently than others. The inclusion of council tax in the calculation of a negative funding floor means that even with a local decision to increase council tax, the council would have less income than it did previously. This is difficult to justify to residents who would be paying more without any increase in services.

This position is exacerbated by the continuation of recovery grant using distribution outside of the main funding formula including older measures of deprivation and granting these authorities a positive (i.e. above 100%) funding floor. If the new formula is fair and if the latest available data is the best information on which to base distribution of funding, as is claimed, then the continuation of recovery grant should not be required. The funding allocated through this route would be better utilised through the main funding formula to be distributed to all authorities.

The transitional arrangements also fail to deal with the potential cliff edge that some authorities will face in 2029 when the transitional arrangements end, and funding levels are still above the new formula level. Authorities need to be able to plan effectively over the medium-term and facing the uncertainty of what happens beyond this period is not conducive to good decision making.

Question 3: Do you agree or disagree with the proposed package of council tax referendum principles?

Disagree.

RBWM welcome the flexibility to set council tax locally without referendum principles being applied in 2027-28 and 2028-29 but request that the same flexibility is granted for 2026-27. The information that this flexibility was being granted came very late – on the day of the settlement – making it harder to plan how this might be utilised and properly understand the impact on the medium-term financial plan.

There is no clear explanation as to why the implementation of this flexibility is delayed within the three-year settlement. The delay in implementing flexibility has left RBWM having to apply through the EFS process for flexibility to increase council tax above the referendum threshold in 2026-27 in order to try and smooth increases over 3 years rather than 2, to better manage the impact on residents. If government are recognising the need for RBWM to increase council tax, doing so sooner reduces the need for capitalisation through EFS.

In reference to the 6 authorities granted flexibility on setting council tax without referendum principles applied, it is stated in the consultation document that “A number of these councils reported unringfenced reserves in 2024-25 over 100% of their 2025-26 Core Spending Power; could benefit substantially from the second homes council tax premium which came into effect this year if they chose to use it; and could see reduced employer pension contributions, which are being set for the 3 years in April 2026.”

None of these factors apply to RBWM and thus a focus on council tax is central to the council’s financial recovery. RBWM do not hold significant reserves, having only just rebuilt them from a negative position through EFS. RBWM have already implemented the second homes premium and whilst this has generated a small increase in income,

this is not material overall. The Berkshire Pension Fund is also performing less well than some other LGPS schemes and our employer pension contributions are therefore decreasing only marginally. With pay levels lower than many comparator authorities, this small saving on pension contributions is being redirected into starting to close the gap to other authority pay levels for our lowest paid staff.

Question 4: Do you agree or disagree with the government’s proposed approach to distributing funding for the Families First Partnership programme via the final version of the Children and Young People’s Services (CYPS) relative needs formula?

Disagree.

The use of the CYPS relative needs formula does not consider the current level of children in need or those in the authority’s care, instead focusing on predicted factors that may drive demand. This is not linked to actual activity and therefore fails to account for any other factors that may drive the need for support or intervention with a particular family. The weighting on deprivation fails to recognise other factors that increase the risk in relation to some children and young people such as county lines or parental substance misuse. These factors are not exclusive to those in deprivation and children in wealthy families also need protection from these harms.

We welcome the shift to a focus on preventative activity, but the funding formula does not recognise the time taken for this to impact and that other children and young people will already be receiving support whilst the preventative work is taking place.

Question 5: Do you agree or disagree with the government’s proposed approach of continuing the IDB support grant for 26-27 but seeking an alternative solution from 2027-28?

Neither agree nor disagree.

This does not directly affect RBWM, and the total sum of grant nationally is not significant enough to materially impact other authorities if distributed through the main funding formula.

Question 6: Do you agree or disagree with the government’s proposal on Mayoral Strategic Authorities in the Local Government Finance Settlement?

Neither agree nor disagree.

RBWM welcomes transparency over the funding of Mayoral Strategic Authorities through inclusion of funding within the local government finance settlement where possible.

This settlement should ensure that funding is not diverted away from authorities that need it but do not sit in an area with an MSA.

The introduction of the visitor levy should be available to authorities without an MSA.

With a thriving visitor economy in Windsor, we believe RBWM could benefit from these proposals, but this is currently not possible, unless or until the proposal for a Thames Valley MSA is taken forward.

Question 7: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please identify which protected characteristic you believe will be impacted by these proposals and provide evidence to support your comments.

Insufficient funding for local authorities risks putting local services at risk across the board. This could negatively impact children and young people, older people or those with disabilities if services to support these groups are reduced to a level affordable within limited resources.