

Ms Arvind Thandi  
Formula Grant Review Team  
Office of the Deputy Prime Minister  
Zone 5/G5  
Eland House  
Bressenden Place  
London  
SW1E 5DU

**Paul Wenham** CPFA  
Director of Finance

Fax No: 01483-523245

Your ref:

Our ref: mf/pw/budget/formula grant 05

When calling please ask for: Paul Wenham

Direct line: 01483 523238

E-mail: [pwenham@waverley.gov.uk](mailto:pwenham@waverley.gov.uk)

Date: 28<sup>th</sup> September 2005

Dear Ms Thandi

## FORMULA GRANT CONSULTATION

Thank you for the opportunity to comment on the Local Government Finance, Formula Grant Distribution Consultation Paper issued on 19<sup>th</sup> July 2005.

The comments below are restricted to those areas which affect Waverley Borough Council. The questions relating to Education, Social Services, Highways, Police and Fire have not been commented upon, however.

*The Council requests that any of the alternatives considered for the above services are isolated from shire district authorities, so that Formula Spending Shares and subsequent grant is unaffected by any of the selected options.*

Q. 3 Whether we should use the proposed alternative grant system?

*The proposed changes will do little to improve transparency that is lacking in the current system.*

Q 21 Do you think we should adjust the co-efficient for concessionary fares?

The introduction of free concessionary fares from 1<sup>st</sup> april 2006 is a major issue for Waverley. The council could face an extra £826,000 which is equivalent to a council tax increase of 14%. The Council notes the addition of the £350m grant but is extremely concerned about:

- (i) The adequacy of the grant. Whilst £350m is to be allocated £70m is to be top-sliced for London and the Metropolitan areas. £280 m nationally, appears wholly inadequate.
- (ii) The mechanics for allocating the grant. The proposed methods for allocating the extra grant are poor proxies for reflecting spending at individual local authority level.

*Waverley Borough Council would prefer an adjustment to Formula Grant based on take-up and the actual cost of providing free concessionary travel.*

Additionally, Waverley is at the grant floor in 2005/06 and would not benefit fully from any additional grant that feeds through the EPCS formula. To overcome this shortfall

*Waverley would prefer the grant floor to be increased by the extra grant to avoid any unnecessary increases in council tax.*

- (iii) Whether Community Transport is included in the extension to free concessionary travel.

*The Council requests that Community Transport be included in the allocation of funding, to support those organisations which provide vital services to our communities.*

- Q. 22 Do you think we should make any further changes to co-efficients; for example .... To take into account the increasing expenditure on waste:

*Whilst more accurate information is always welcome, the Council is disappointed that the opportunity has been missed to create a separate Waste Services block which would have highlighted this critical area of local authority work, particularly given the extra investment necessary to meet recycling targets.*

- Q. 23 Do you think we should update the fixed cost element:

*The Council welcomes the increase in this element to reflect 'the extra cost of being in business' but feels the £325,000 should be top-sliced and not deducted by other Formula decisions.*

- Q. 24 Do you agree with the proposed method for transferring COWs to the Environment Agency?

*The Council supports the transfer of COWs to the Environment Agency.*

- Q. 25 Do you think we should remove the interest receipts element:

*The removal of the interest receipts from the formula would give a clear indication as to which authorities' capital schemes were being supported. Waverley would expect reductions to be made across all service blocks.*

- Q. 28 Do you have any comments on our intention to use the full Annual Survey of Hours & Earnings data set to calculate the Area Cost Adjustment (ACA) ?

*The Council is keen to ensure that appropriate data is used to keep the ACA up-to-date, but is concerned with any changes to methodology that undermine recognition of additional costs falling on Councils in the South East.*

- Q. 33 Do you think we should increase resource equalisation?

*Waverley whilst recognising Government's intentions to equalise resources believes that current methods already take a disproportionate amount of resources away from the Council and is one reason Waverley is consistently below the floor.*

- Q. 36 Which approach for paying for clamping do you prefer?

*The existing method*

The Council's Executive will be discussing the Consultation Paper at its meeting on Tuesday 10<sup>th</sup> October. If there are any changes to the above comments I will send them to you on 11<sup>th</sup> October.

Yours sincerely

Paul Wenham  
Director of Finance