



Ministry of Housing,
Communities &
Local Government

Jeremy Pocklington CB
Permanent Secretary
**Ministry of Housing, Communities & Local
Government**
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Meg Hillier MP
Chair of the Committee of Public Accounts
House of Commons
14 Tothill Street
London
SW1H 9NB

20 October 2020

Dear Meg,

SEVENTY-SIXTH REPORT OF SESSION 2017-19: LOCAL GOVERNMENT SPENDING

I am writing to provide an update on the Department's work to collect and analyse evidence on the impacts of providing funding to local government through one-off funding streams rather than long-term funding arrangements, in relation to the first recommendation of the Committee's report *Local Government Spending*. This letter also sets out the Department's proposals for responding to the question of what impact the form and timing of funding has on local service planning, delivery and outcomes.

The Department agrees that an improved evidence base for understanding the impact of one-off, immediate funding streams on local authorities will be helpful in structuring future support to the sector. The Comprehensive Spending Review 2020 provides an opportunity to assess local authority pressures from 2021/2022 to 2023/2024. MHCLG is working with departments across government to ensure services are properly costed – both in terms of inflationary and demographic pressures and new service requirements – to ensure sector sustainability across the full spending review period.

Through the Spending Review, the Department also intends to review the central government grants paid to local authorities outside the Local Government Finance Settlement, either under Section 312 of the Local Government Act 2003 or using other powers. We recognise the need for flexibility and acknowledge that local authorities themselves are best placed to understand the needs of their communities.

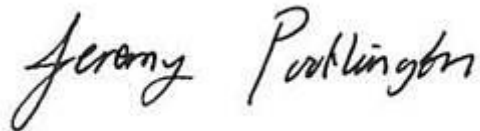
However, the Department continues to recognise the importance of supporting the sector through localised or national crises during which there are times when ad hoc funding is an appropriate response. The need for this responsiveness continues to be highlighted during the COVID-19 pandemic.

The Department has considered the recommendation made by the Public Accounts Committee to develop further research on local authorities' use of recent social care grants. A decision was taken by Ministers in February to not commission this work. At this point, the National Audit Office intended to conduct a study on grant funding for local authorities, and Ministers therefore concluded that they should not commission separate work on this set of

issues, but should continue to work with the sector on this area and take into account the findings of the National Audit Office report. The National Audit Office have since cancelled this study as their work programme was reshaped in order to accommodate work focused on the COVID-19 pandemic. The department will consider this issue in the round following the conclusion of the Spending Review.

The Department will provide a further update in Spring 2021.

Yours sincerely,

A handwritten signature in black ink, reading "Jeremy Pocklington". The signature is written in a cursive, flowing style.

JEREMY POCKLINGTON