



Levelling Up, Housing and Communities Committee

Dr Jonathan Carr-West, Chief Executive, Local Government Information Unit
Cllr Sam Chapman-Allen, Chairman, District Councils Network
Mr Simon Edwards, Chief Executive, County Councils Network
Ms Alison Griffin, Chief Executive, London Councils
Cllr Sir Stephen Houghton, Chair, Special Interest Group of Municipal Authorities
Mr Mark Lloyd, Chief Executive, Local Government Association
Mr Jonathan Owen, Chief Executive, National Association of Local Councils
(by email)

18 September 2023

Dear Dr Carr-West, Cllr Chapman-Allen, Mr Edwards, Ms Griffin, Sir Stephen, Mr Lloyd and Mr Owen,

Local Government Financial Distress

My Committee has noted with increasing concern the perilous financial situation of many local government bodies and the recent increase in the number of them issuing Section 114 notices. I am writing to invite your members to let us know about any issues they are facing to inform our monitoring of this growing problem.

We are particularly concerned about reports that many councils and local authorities' reserves have been depleted, leaving them unable to weather unexpected financial shocks. This could potentially push more authorities into issuing Section 114 notices over unexpected costs they would normally have been able to absorb. Smaller councils would appear to be particularly at risk, but the example of Birmingham shows that issues with financial resilience are present across the local government landscape.

As part of our scrutiny of this issue, we are also interested in the challenges local authorities face funding requirements like temporary accommodation and social care. Reports indicate that cost pressures in these areas are putting significant strain on many budgets.

Anyone who wishes to contact my Committee should get in touch by email at luhccom@parliament.uk including the term "Local Government Financial Distress" in the subject line. We are happy to consider submissions for publication or in private. We may not be able to respond to all the individual issues raised, but they will all inform our future work.

Best wishes,

Clive Betts MP
Chair, Levelling Up, Housing and Communities Committee