



Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP

*Minister of State for Local Government and
English Devolution*
2 Marsham Street
London
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Florence Eshalomi MP
Chair of the Housing, Communities and Local Government
Committee
By email

12 December 2024

Dear Florence,

I am writing to you as I have today updated Parliament on the interventions in the London Borough of Croydon and Nottingham City Council and published related materials.

In Croydon, it is clear from the Panel's report and the update letter that, whilst the Council have made progress in other areas of their recovery journey, there is further work to be done to restore the Council to long-term financial sustainability and that this should be a priority area of action for the Council moving forward. I want central government to be a supportive partner to local government, and Croydon's strong relationships between the Panel, the Council and the Ministry is a good example of how we can work together to support a shared focus on recovery and reform.

Nottingham City Council are at a relatively early stage in their Commissioner-led intervention. The Commissioner's report I have published today makes clear that progress has been made; council officers and members have been working constructively with Commissioners to map out a path to recovery, and have a strategy in place to reach a more sustainable position and better deliver services to their residents. It is clear, however, that significant challenges remain – including the ongoing budget gap, need for service modernisation and culture change across the organisation.

The government will play its part by repairing the foundations of the sector overall, with the settlement this month being the start of that programme. This will include an immediate funding injection worth over £4 billion and includes £600 million Recovery Grant, which will be distributed to places with greater need and demand for services (we have used deprivation as a proxy for this), and which are least able to fund their own services locally. It also includes a £680 million uplift to the Social Care Grant for adult and children's services, a new Children's Social Care Prevention Grant, worth £250 million, which will lay the groundwork for children's social care reform and an additional £44 million of new funding to pilot a Kinship Allowance and create hundreds of new foster placements. To fix the broken care market, the government is also bringing forward legislation to crack down on the profiteering from our most vulnerable children and plans include a financial oversight regime, enhanced Ofsted powers and powers to cap profits if excessive profit-making continues.

Moving forward we will hardwire stability and security into the system with multi-year settlements and fewer restrictive grants. This will allow councils to focus spending on local priorities, and we will set out and measure progress on the key services and outcomes we expect local government to deliver.

These measures as a whole go hand in hand with the work to make every council fit, legal and decent with a rebuilt system of accountability and oversight. We will repair the early warning system, deal with the audit backlog, and focus on raising standards in local government to help support the overall resilience of the sector in the long term.

For Croydon and Nottingham, the road to financial recovery must be met with the seriousness it deserves, and I am pleased to see clear commitment to move to new operating models. Because of the scale of the challenges, it is self-evident that there will still be difficult decisions to come. It is essential that in making these decisions there is a clear strategy for the form respective councils will take as their new operating model, and that prevention and reform of local public services is central to it.

We are working to fix the foundations of local government; to ensure that government is protecting against failure and working in genuine partnership to deliver better outcomes. I trust that I can continue to rely on your engagement and support.

Yours ever,

A handwritten signature in blue ink that reads "Jim McMahon." The signature is written in a cursive, flowing style.

JIM MCMAHON OBE MP
Minister of State for Local Government and English Devolution