



Ministry of Housing,
Communities &
Local Government

Jeremy Pocklington CB
Permanent Secretary
**Ministry of Housing, Communities and
Local Government**
2 Marsham Street
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Meg Hillier MP
Chair of the Committee of Public Accounts
House of Commons
London
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17 March 2021

Dear Meg,

Exceptional financial support

Further to my [letter of Monday 18 January](#), and in advance of my appearance at the Public Accounts Committee tomorrow, I am writing to update on the process of agreeing requests from a small number of local authorities for exceptional financial support, including those finalised this week.

The Department has previously informed the Committee that it has been in discussions with a small number of authorities in respect of pressures they had identified that may affect their ability to maintain a balanced budget in 2020-21 or set a balanced budget for 2021-22. The Department has been clear that any support would be provided openly and transparently, as appropriate, and it has committed to informing Parliament of any support that has been agreed.

The Department has now agreed exceptional support arrangements for 2020-21 and/or 2021-22 with the following nine authorities: Bexley, Copeland, Croydon, Eastbourne, Luton, Nottingham, Peterborough, Slough and Wirral. These have been agreed in two tranches. The first tranche was agreed in February, and I am writing today to update you following agreement on a second tranche of cases in recent days.

Seven of these nine authorities have requested and received a capitalisation direction for 2020-21. The Department has published these directions on gov.uk. The Department published four directions on 10 February, a further direction on 5 March, and published a further two directions in respect of Nottingham and Croydon this week. The total capitalisation provided to authorities for 2020-21 is £149.5m. Further details can be found [here](#).

All nine of the authorities have requested support for 2021-22. The support for 2021-22 has been agreed in principle, and is contingent on the authorities undergoing an external assurance review focused on their financial positions and their ability to meet any or all of the identified budget gap without additional borrowing, including their ability to use capital receipts to reduce the Council's future borrowing requirement, subject to value for money considerations. Therefore, the final amount of support may be subject to change. The Department would not expect the total amount of support agreed for these nine authorities in 2021-22 to exceed £137.5m. The attached table sets out the support by Local Authority.

The Department will continue to publish any further directions issued, including those for 2021-22 in due course.

In relation to one other authority, the Secretary of State has concluded that the Council can manage its pressures for the current year without recourse to Government. The Department will continue to work with that Council as it considers its position for future years.

The Department remains in discussions with a very small number of authorities about their position. These Councils have passed a budget for 2021-22. It would not be appropriate to comment on the details of these confidential discussions. The Government will continue to publish any decisions to provide such support.

Since local authorities will now be finalising their budgets for 2021-22, the Department does not currently expect any further need for exceptional financial support for this period, beyond the ongoing discussions referred to above. The Department continues to keep the financial position of local authorities under close review and any authority concerned about its financial position should engage with the Department.

Yours sincerely,

A handwritten signature in black ink that reads "Jeremy Pocklington". The signature is written in a cursive, slightly slanted style.

JEREMY POCKLINGTON

Annex A:

Local Authority	Support agreed in respect of 2020-21	In-principle support agreed in respect of 2021-22*
Authorities that have requested support for both 2020-21 and 2021-22		
Bexley	£3.87m	£5.125m
Eastbourne	£6.8m	£6.0m
Luton	£35.0m	£14.0m
Peterborough	£4.8m	£20.0m
Wirral	£9.0m	£10.7m
Croydon	£70.0m	£50.0m
Nottingham	£20.0m	£15.0m
Authorities that have requested support for 2021-22 only		
Copeland	-	£1.5m
Slough	-	£15.2m
Total	£149.5m	£137.5m

* Any support agreed in respect of 2021-22 is 'in-principle' only, and subject to the outcome of an external assurance review. Therefore, the final amount of support agreed may be subject to change. The Department does not expect the total amount of support agreed to date to the authorities set out above, in respect of 2021-22 to exceed £137.5m.