

Appendix 8 - Local Government Finance Update - Statement made on 29 February 2024

Simon Hoare – Minister for Local Government

Extract from:

In line with the usual framework for agreeing capitalisation directions, appropriate conditions will apply. These are intended to ensure that the process is only used in circumstances where it is truly necessary; address the drivers of the issues that have led to local authorities requesting support; and ensure continued progress towards achieving financial sustainability. In all cases, the Government expects these local authorities to take into account the need to reduce wasteful expenditure, and ensure every area is making best use of taxpayers' money. Where statutory interventions are in place, any final agreement to support will be contingent upon the demonstration of ongoing improvement, transformation and recovery.

Where the Government has agreed to provide support, it is essential that appropriate assurance arrangements are in place. Where appropriate, any final agreement to support will be conditional upon the completion of rigorous external assurance reviews to assess, at a minimum, the local authorities' financial management practices, and the production of improvement and transformation plans that focus on securing the local authorities' medium-term financial position. The Government is taking additional action in the case of Plymouth City Council, which has requested a very significant capitalisation as a direct result of the incorrect accounting treatment of a transaction in 2019-20 through which the Council borrowed to pay off a large part of its pension deficit. Given the unusual nature of Plymouth's approach, the in-principle capitalisation is conditional on a thorough, independent investigation into the transaction.