



Department for Levelling Up,
Housing & Communities

The Rt Hon Greg Clark MP
*Secretary of State for Levelling up
Housing & Communities*

***Department for Levelling Up,
Housing and Communities***
4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

To: Firms offering councils commercial advice

www.gov.uk/dluhc

19 August 2022

Dear Sir or Madam,

FLEXIBLE USE OF CAPITAL RECEIPTS FOR TRANSFORMATION PROJECTS

I am writing to you as I have concerns that some local authorities are engaging in risky commercial practices, which are putting taxpayers' money at risk. I know that many local authorities engage with consultants and advisors to bring in the necessary expertise and support for a range of reasons, including asset management, financial and accounting advice and to support operational improvements. I recognise the need for local government to draw on expertise and specialist advice, and that this is both necessary and can have significant benefits.

I am concerned, however, that some authorities look for strategies that push at the bounds of what is permitted, and sometimes seek external advice and support to implement novel and risky strategies. I recently closed a loophole in the powers afforded to councils for the flexible use of capital receipts; it concerns me that this was necessary. I would like to be able to trust councils to follow the spirit as well as the letter of the law, and to act prudently with public money. I am, however, concerned that some councils are spending taxpayers' money on external advice to engage in practices that may put public money and service delivery at risk.

I am writing to all councils and those companies who I know work with the sector, to ensure a wide-reaching and consistent message and to ask your support in safeguarding the financial framework. To be clear, I recognise that many councils and advisors will be engaged in sensible, prudent activity. However, I hope that you will agree with me that companies should not seek to gain by helping councils pursue strategies that engage in risky financial practice. This includes where local authorities are taking excessive risks with novel strategies or looking for ways to circumvent the

statutory bounds that are designed to constrain risk. Council officers and Members must also take seriously their responsibilities, and not waste money by pursuing strategies that the government then must intervene to prevent.

I welcome any engagement on this matter and hope that the sector, its advisors, and the government can work cooperatively to make sure public money is used appropriately.

Yours ever,

A handwritten signature in black ink that reads "Greg Clark". The signature is written in a cursive style with a large, sweeping "G" and "C".

RT HON GREG CLARK
Secretary of State for Levelling Up, Housing and Communities