



Ministry of Housing,  
Communities &  
Local Government

Councillor John Holdich OBE  
Leader, Peterborough City Council

By email.

**Luke Hall MP**

*Minister of State for Regional Growth and Local  
Government*

**Ministry of Housing, Communities and Local  
Government**

Fry Building  
2 Marsham Street  
London  
SW1P 4DF

2 February 2021

Dear Councillor Holdich,

**FINANCIAL SUPPORT FOR PETERBOROUGH CITY COUNCIL**

I am writing in relation to your authority's request for exceptional financial support in respect of 2020/21 and 2021/22. I appreciate your continued co-operation with my Department throughout this process, and that of your officers.

The Secretary of State has now fully considered the capitalisation request and although this does not constitute a capitalisation direction, this letter sets out his current position.

With respect to the financial year of 2020/21, the Secretary of State is content to approve a total capitalisation direction to fund revenue expenditure not exceeding £4.8m, subject to conditions. The conditions would be set out in the capitalisation direction when issued.

The conditions are as follows:

- A. The Authority may only capitalise expenditure when it is incurred;
- B. That the authority undergoes an external assurance review focused on its financial position, its ability to deliver plans for sustainability, to be commissioned by MHCLG, with the intention of agreeing to a plan to address any recommendations.
- C. Where expenditure is capitalised, that the council shall charge annual Minimum Revenue Provision using the asset life method with a proxy 'asset life' of no more than 20 years, in accordance with relevant guidance.

With respect to the financial year of 2021/22, the Secretary of State is minded to approve a capitalisation direction of a total not exceeding £20m. Again, such a direction may be subject to conditions, which would be set out in the capitalisation direction when issued.

If the Secretary of State decides to give a direction, he expects to confirm the final amount of capitalisation support and any conditions that would be applied by summer 2021. His consideration will include taking account of the following:

- A. Evidence that the conditions set out in any capitalisation direction in respect of 2020/21 have been complied with.
- B. Evidence from the assurance review of the authority's financial position and its ability to meet any or all of the identified budget gap without additional borrowing.
- C. Evidence and recommendations from the assurance reviews on the steps that the authority may need to take to, for example, improve its governance arrangements, financial management, operational delivery and to reduce risk.

With this in mind, the Secretary of State also reserves the right to attach additional bespoke conditions to a direction in respect of 2021/22 depending on the authority's individual circumstances.

Where additional borrowing is undertaken to fund revenue expenditure under the direction when issued, Government may consider putting conditions on the borrowing the LA may be able to undertake through the PWLB as part of the capitalisation direction, and my officials will confirm to your officers any such conditions shortly.

A meeting has been scheduled with the Department and your officers to discuss the position set out in this letter on Tuesday 2 February.

I would be grateful if the Council could consider the Department's position with respect to your request and provide my officials with final confirmation that you wish to proceed with your request for exceptional financial support with the conditions outlined in this letter by Tuesday 9 February.

A handwritten signature in blue ink, appearing to read 'L Hall', is centered on the page. The signature is fluid and cursive.

**LUKE HALL MP**