



Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP
*Minister of State for Local Government and English
Devolution*
2 Marsham Street
London
SW1P 4DF

Councillor Jim Robbins
Leader of Swindon Borough Council
By email

20 February 2025

Dear Councillor Robbins,

I am writing in relation to Swindon Borough Council's request of 23 December 2024 for Exceptional Financial Support in respect of financial year 2025-26.

The Exceptional Financial Support process exists to support those councils facing unmanageable financial pressures. This government understands that fragility in the system has left some councils in difficult positions and recognises that support is required in exceptional circumstances to balance budgets. Going forward, as set out as part of the Local Government Finance Settlement, we are clear that we will continue to work to support local services and put the system back on a sustainable footing.

We recognise however that these reforms will take time. I understand that this is a difficult time for the council and that difficult decisions have been taken locally before this request for support. I appreciate your engagement in this process whilst we move towards wider reform from 2026/27. The Deputy Prime Minister, as Secretary of State, has considered the council's position including all the measures that have been taken locally to support the continued delivery of sustainable services for residents, particularly for those who are most vulnerable.

This letter therefore sets out the department's current position but does not constitute a capitalisation direction.

With respect to the financial year 2025-26, the Deputy Prime Minister is minded to approve a capitalisation direction of a total not exceeding £14.7 million.

I am keen that this government takes a collaborative approach to Exceptional Financial Support that recognises the challenges many local authorities are experiencing. However, this government continues to expect local authorities to spend resources effectively and deliver for residents. Therefore, consistent with those councils that have previously sought Exceptional Financial Support, in order for the department to provide a final capitalisation direction, the council is required to undergo an external assurance review which will include, but will not be limited to, an assessment of the council's financial position and governance arrangements. The department reserves the right to extend the scope of the review to consider any other relevant issue that is deemed necessary. The department may make exception to this requirement where the council has already undertaken an independent review that is deemed acceptable by the department.

We will work with councils on how best we can support local authorities through these reviews, including how they might help local authorities to identify the action needed to recover and reform. My officials will confirm review scopes with you in due course.

Capitalisation directions may be subject to conditions, which would be set out in any directions should the Deputy Prime Minister decide to exercise her powers as Secretary of State under sections 16(2)(b) and 20 of the Local Government Act 2003. If the Deputy Prime Minister decides to give any directions, she is minded to attach the following conditions:

- i. The authority may only capitalise expenditure when it is incurred;
- ii. Where expenditure is capitalised, the authority shall charge annual MRP using the asset life method with a proxy 'asset life' of no more than 20 years.

If the Deputy Prime Minister gives any directions, she will confirm the final amount of capitalisation support and any conditions that will apply in due course. The approval of any capitalisation directions will also be contingent on the council reporting to the department the final amounts identified for which it requires capitalisation for each year, with the agreement of the council's external auditors.

If you are considering financing capitalisation support through capital receipts, I want to make clear at this stage that it is my expectation that councils should avoid the disposal of community heritage assets where possible to protect the public ownership of locally significant sites to ensure residents can continue to benefit from them.

Thank you for your continued support and the support of your officers whilst we have considered your request for Exceptional Financial Support. Officials will continue to closely support you through the next steps of the process.

Yours ever,

A handwritten signature in blue ink that reads "Jim McMahon." The signature is written in a cursive style with a large loop at the end of the first name.

JIM MCMAHON OBE MP

Minster of State for Local Government and English Devolution