



Department for Levelling Up,
Housing & Communities

Kemi Badenoch MP

*Minister of State for Equalities and Levelling
Up Communities*

**Department for Levelling up, Housing and
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Dear Councillor Azad,

I am writing further to today's announcement regarding the Levelling Up and Regeneration Bill, which sets out the Government's intent to put in place statutory powers to directly address instances of excessive risk from borrowing and investment practices.

As you may be aware, the Government has in recent years expressed concerns that some authorities are putting taxpayers' money at risk through disproportionate levels of debt, over-reliance on commercial income or pursuing novel and risky investments. These concerns have also been raised by the Public Accounts Committee. The Secretary of State and I are committed to strengthening the capital system to make sure it remains fit for purpose at constraining risk while supporting local investment. This includes making sure that the Secretary of State has appropriate powers to take action directly where he has concerns that the principles of the Prudential Framework are not being adhered to.

As set out in the announcement, details of the metrics that will be used to identify excessive risk will be developed as the Bill progresses, and the government will work with the sector to reflect the views of authorities in determining robust and proportionate metrics and thresholds.

In advance of the powers coming into force, however, I consider it vital that those authorities likely to fall within scope of the powers are given sufficient notice and the opportunity for early engagement. This is to allow the Government to work supportively with these authorities and provide due time for authorities to consider their capital strategies and, where needed, develop plans to address areas of risk ahead of legislation coming into force.

On this basis, I am writing to you as Woking Borough Council is likely to be in scope of the powers due to its very high levels of debt, which is the highest level of commercial debt (relative to its size) of any authority. My officials will shortly be

contacting your council's Chief Finance Officer to invite a discussion on the council's position and reach agreement on what actions the council may need to take.

I would like to take this opportunity to emphasise the importance of protecting the interests of local taxpayers and tackling risk within local government, along with the need to avoid unintended consequences. I would, therefore, be grateful for your support in encouraging a cooperative and open approach.

Yours sincerely,

A handwritten signature in black ink that reads "Kemi Badenoch". The signature is written in a cursive, flowing style.

KEMI BADENOCH MP