

CIPFA STATEMENT on S.114 of the Local Government Finance Act 1988

The COVID-19 crisis has seen the financial challenges placed on local authorities grow at extraordinary pace and scale. These challenges are only likely to deepen as the financial year goes on.

Under these circumstances, the role and responsibilities of the CFO in public services are more important than ever.

This statement refers specifically to the CFO in local government who will likely be undertaking a wider leadership role. It is essential that local government and its key partners respond jointly to the current challenges.

The role of S.114 in the current crisis has been the subject of understandable debate. This statement confirms that the statutory responsibilities of the CFO has not changed. However, CIPFA proposes that there should be a temporary modification to existing guidance in order to create an opportunity, within existing statutory limits, to enable an exploration of what further options and/or financial assistance may be available.

The proposed modifications are as follows:

- At the earliest possible stage a CFO should make informal confidential contact with MHCLG to advise of financial concerns and a possible forthcoming S.114 requirement
- The CFO should communicate the potential unbalanced budget position due to COVID-19 to MHCLG at the same time as providing a potential S.114 scenario report to the council executive (Cabinet) and the external auditor

In practice this means it should not normally be necessary for a S.114 report to be issued while discussions with the government that would address the issue are in progress

It is important to note that this modification does not change the statutory responsibilities of S.151 officers.

Where there is any doubt the CFO should of course revert to the statutory requirements of S.114.

The current professional guidance to the CFO (Section 151 Officer) is detailed in:-

- CIPFA Statement on the Role of the Chief Financial Officer in Local Government (April 2016) [access here](#)
- CIPFA Briefing: balancing local authority budgets and S.114 notices (March 2016) [access here](#)