47. Prior to the pandemic, the Department had considered the potential impact of an economic shock on the local government finance system, primarily in the context of EU Exit. The Department's response had been discussed on multiple occasions prior to the pandemic at Board meetings in the Department (NH/013 - INQ000608987 - DLUHC002382165).

48. The Department did not have a ready-made pandemic plan with relation to local government finance. Initiatives in February, March and April 2020 were developed prioritising the need for quick action to respond to emerging pressures, utilising data and evidence already available to the Department within the overall local government finance framework. Waiting for further information to be available or developing new mechanisms could have enabled a more finely targeted response but would have been slower. The sector welcomed the Department's approach, and the Department maintains the view that using existing formulae and mechanisms to distribute funding to begin with, and then adapting as the pandemic progressed, was the right approach. Further details of the formulae are referenced from paragraph 71. As the evidence base improved with respect to Covid-specific pressures, by July 2020, the Department's response to the pandemic had evolved into a multi-stranded approach. In March 2021 the National Audit Office published its report on 'Local government finance in the pandemic' which outlined that whilst the Department did not have a ready-made strategy framework prior to the pandemic, action by the Department and wider government to support the sector averted system-wide financial failure.

49. The Department's core objective remained constant, to help ensure that LAs had the resources they needed to manage the crisis, which it successfully delivered. Throughout the pandemic, the Department continually focussed on strengthening its understanding of the position LAs were in. The National Audit Office report highlighted that the Department's and HMT's aim throughout the pandemic was to support the sector to respond to the unprecedented challenge caused by Covid-19 while delivering mainstream services. The central part of the local government financial framework is the annual local government finance settlement. This lays out to Parliament the Department's proposed approach for funding LAs in England in a given year and reflects the architecture that is in place for funding LAs. The finance settlement sets out a mix of grant provision, council tax and retained business rates, as well as specific policies and approaches. For example, a capital financing framework which sets out the policy and practice on use of capital resources. The local government finance settlement for 2020/21 was published in February 2020, prior to the pandemic (NH/014 - INQ000609028 - DLUHC010172081).

50. Across the course of the pandemic, the Department deployed a series of interventions based on this framework. These interventions balanced the need to deliver support quickly