

**Local Government Act 2003: Section 25  
Supplementary Report by the Executive Director of Resources &  
Section 151 Officer (Chief Finance Officer) based on the Labour  
& Co-operative Group budget amendments**

**Introduction**

1. This paper should be read in conjunction with Section 3 of the Cabinet's Budget and Business Planning Report 2024/25 to 2026/27 which sets out my view of the robustness of the budget estimates recommended by the Cabinet and the adequacy of the level of reserves as required by the Local Government Act 2003. My assurance statement sets out that these are both adequate.
2. This paper sets out an assessment of how the budget changes proposed by the Labour & Co-Operative Group impact on my assurance statement.
3. It is not the role of the S25 assurance statement to comment on the precise mix of changes to expenditure plans and the savings then required to match the funding available, providing the overall combination results in a balanced budget and the estimates on which the calculation is based are robust.
4. The council is required to have due regard to this report when making decisions on the budget. The law expects councillors to consider this advice and not set it aside lightly.

**Budget Assumptions**

5. The following paragraphs set out the changes to the budget assumptions made, together with an assessment of their risk:
  - a) Inflation – One amendment to inflation assumptions is proposed in relation to provider inflation. The Cabinet's proposed budget includes provision for a 6.0% inflation uplift. The adjustment reflects a reduction of 0.5% of the CPI component, effectively providing an overall inflationary increase of 5.85% and thereby reducing costs by £0.3m. Given the scale of the reduction and that there is a provision for inflation risk of £1.5m, this amendment is not considered a material risk.
  - b) Fees and Charges – the amendments include a number of areas within Environment & Place where additional income is expected to be generated, either from better enforcement, improved collection or from new charges. In total by the end of the MTFs period of 2026/27, annual income of £1.2m is anticipated with £0.8m planned for 2024/25. For all proposals, there are investments proposed to ensure the income can be generated which totals £0.8m in 2024/25, meaning the proposals are cost neutral in that year. The income estimates presented are cautious and therefore should be achievable.

## Labour & Co-operative Group - Section 3 amendments

- c) Use of Reserves – the amendments proposed utilize the balance remaining in the Budget Priorities reserve of £0.1m along with £2.3m of the Transformation Reserve to support the proposed investments, of which £1.5m is planned to be used in 2024/25. This reduces the funding added to the Transformation Reserve from £10.0m as proposed by Cabinet to £7.7m. There is a risk that with less funding available, the ability to deliver on the Council's transformation ambitions are reduced. However, given a number of investments in Children's services are aimed at reducing demand, the risk is reduced, and the level of the reserve is considered acceptable. In addition, the Redundancy reserve remains unchanged with £7.4m available to support future redundancy costs.
- d) Capital Programme - the budget amendments include an increase of £1.1m in the annual revenue costs for borrowing to support £19.5m investment in the capital programme. The costs of borrowing remain within 4-5% the council's net revenue stream throughout the MTFS period to 2026/27, in line with the Cabinet's proposed budget and are therefore prudent and affordable.
- a) Demand led pressures – the amendments include additional on-going investment in both the Family Help teams and borrowing costs for further Children's Homes of £0.6m by 2026/27. These proposals are expected to lead to reductions in future demand anticipated to be £0.9m by 2026/27, therefore a net saving of £0.3m is proposed by the end of the MTFS period to 2026/27. Given the modest net impact, the proposals are reasonable.

### Level of total reserves

- 6. The amendments to the Earmarked Reserves and General Balances Policy Statement at Labour and Co-Operative Group Section 4.6 do not have a material impact on the overall level of Earmarked Reserves across the period of the MTFS to 2026/27 and therefore is considered adequate.

### Assurance Statement of the Chief Finance Officer

- 7. The amendments proposed for 2024/25 and across the Medium Term Financial Strategy to 2026/27 provide a very similar overall financial position as that in the Cabinet's MTFS, with a balanced budget for 2024/25. For 2025/26, the amendments proposed provide the same gap between estimated spend and funding streams of £13.9m as for the Cabinet and for 2026/27 the amendments proposed provide a gap between estimated spend and funding streams of £0.1m (compared to -£0.1m proposed by Cabinet).
- 8. As Section 151 officer, I can formally report that in my view the budget amendments proposed by the Labour & Co-Operative Group are robust and the level of reserves adequate, as required by the Local Government Act 2003.

## **Labour & Co-operative Group - Section 3 amendments**

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February 2024