

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

Introduction

1. This paper should be read in conjunction with Section 3.1 of the Cabinet's Budget and Business Planning Report 2025/26 to 2027/28 which sets 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 Conservative Independent Alliance (CIA) Group impact on my assurance statement.
3. 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

4. The following paragraphs set out the changes to the budget assumptions made, together with an assessment of their risk are set out below:
 - a) Funding assumptions – A Council Tax increase of 4.49% is proposed for 2025/26 comprising a general precept increase of 2.49% and a 2.00% increase in the Adult Social Car Precept. This is 0.50% less than the maximum increase allowed. Increases beyond 2025/26 are in line with those proposed by the Cabinet.

Whilst the budget proposals provide a balanced budget for 2025/26 within a 4.49% increase, this does result in £2.5m less funding per year for 2025/26 and each year thereafter. However, this is not considered to have a significant impact on the long-term financial sustainability of the council, given it reduces the net operating budget by only 0.4%.

- b) Investments and Savings – the CIA amendments remove some administration's policy investments in active travel initiatives. Additional savings have been suggested impacting mainly on the enabling services within Resources. These reductions are offset by a one – off investment in measures for remedial works to roads, flooding and drainage. These changes may have a marginal impact on the risk in terms of delivery of savings but this could be mitigated though use of contingency if required. Otherwise, the changes do not impact on the budget assumptions set out in Cabinet's Section 3.1.

- c) Fees and Charges – the removal of the additional investment to hold the price of a joint ticket (parking and bus fare) at Park & Ride car parks unchanged means that the price of a joint ticket would need to increase by £1.00 from 1 April 2025.¹
- d) Use of Reserves – the proposed amendments release £4.0m from the Devolution and Local Government Re-organisation reserve to fund one-off investments in 2025/26. Estimated costs from previous authorities in implementing local government reorganisation range between £20m to £25m. It is clear that further funding will be required, but the timing of spend will depend on the date a new successor authority or authorities will be established. Given this uncertainty, the alternative use is not considered a risk to the council's financial sustainability.
- e) Capital Programme - the Cabinet's proposed ten-year Capital Programme has a shortfall of funding/is over-programmed by £11.1m. The CIA amendments propose to increase the level of over-programming by £3.9m to £15.0m. In doing so, this will reduce on-going revenue borrowing costs by £0.250m per annum. Given the programme is £1.5bn over a ten-year period, this level of over-programming is not considered an imprudent position. Any new capital resources which arise in 2025/26 will be prioritised to bringing the programme back into balance.

A further £0.100m reduction in on-going borrowing costs relates to the removal of three future schemes (funded by borrowing of £1.6m) proposed to be added to the pipeline in the Administration's proposals.

The Cabinet's proposed capital programme is funded by £276m of borrowing. The CIA's proposals reduce the level of borrowing by £5m to £271m. One of the key elements of financial resilience is gross external debt. Given the proposals relating to borrowing are slightly lower than the Cabinet's proposed budget, the amendments marginally reduce the long-term capital financing costs to the council.

Level of total reserves

- 5. The amendments to the Earmarked Reserves and General Balances Policy Statement at CIA Section 4.6 reduce the overall level of Earmarked Reserves in 2025/26 by £4m. There is no change across the medium term. This does not materially impact on the overall level of reserves held.

¹ From £4.00 to £5.00 for one car with one passenger, or from £5.00 to £6.00 for one car with two adults and up to three children.

Assurance Statement of the Chief Finance Officer

6. The amendments proposed for 2025/26 and across the Medium Term Financial Strategy increase the deficit set out in the Cabinet's proposals by £0.586m in 2026/27 and by a further £0.156m in 2027/28 so that the total deficit by 2027/28 is £5.528m instead of £4.786m. This is not considered to materially impact on the financial sustainability of the council.
7. Given the changes proposed by the CIA do not have a significant impact on the council's financial position for 2025/26 and across the medium term, I can formally report that in my view the budget amendments proposed by the Conservative Independent Alliance Group are robust.

Lorna Baxter FCPFA

Executive Director of Resources and Section 151 Officer

6 February 2025