

Head of Finance – Section 151 Comments on Lib Dem Group Alternative Budget for 2021-22 to 2024/25

Date 08-02-2021

I have reviewed the budget submitted by the Liberal Democrat party as an alternative to the Labour Administrations budget and can conclude that it is arithmetically correct. The Capital Budget makes provision for three significant additional items

- Investment in renewal energy - £15m over the 4 year period
- Pilot retro fit of council housing £2.5m
- Regeneration of empty property for accommodation - £7.5 m over the 4 year period

No projects have been separately identified and therefore it is difficult to substantiate the financial viability of such schemes. Should suitable capital schemes not be identified then any shortfall in net returns to the Council generated from such schemes would need to be covered from reserves or alternative savings and therefore this does present some risk to achieving a balanced budget although this is mitigated to some extent by an additional transfer to reserves over the 4 year period of £1.9 million.

The revised Capital Budget makes provision for:

- **General Fund –**
 - The removal of £20 million of spend and return on property regeneration in favour of a lessor sum of £7.5 million over the 4 years.
 - The removal of £5.4m spend in respect of Cave Street subject to full business case.
 - The inclusion of £15m over the four year period of investment in renewal energy. Spend in such areas would require significant due diligence to ensure the security of the councils cash, the collateral offered if any and the diversification of risk. Financing of the scheme is assumed to be through prudential borrowing
- **Housing –** An amount of £2.5m for pilot retrofit in council dwellings. Financing of the scheme is assumed to be through housing revenue account contributions.

The General Fund Revenue account provides for a number of additional costs and savings which have been costed. The statement also includes the estimated financial implications of schemes included in the capital programme based on some assumptions provided by the Group.

HRA – The HRA includes additional expenditure £2.5 million to fund a pilot retrofit in council dwellings from gas to electric is financed by revenue as referred to above.

Nigel Kennedy

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