

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

Date 10-02-21

I have reviewed the budget submitted by the Green party as an alternative to the Labour Administrations budget and can conclude that it is arithmetically correct. Within the capital budget provision has been made for £51 million of expenditure over the next 3 years on solar farms and also £2.2 million for increased carbon reduction measures in new build social housing.

No projects have been separately identified for these items of capital spend 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 on property regeneration in favour of additional investment of £51 million over 3 years in solar farm investments. Spend in such areas would require significant due diligence to ensure the security of the councils cash, the collateral offered and the diversification risk. Financing of the scheme is assumed to be through prudential borrowing with returns based on assumptions from the Group.
- **Housing** – An amount of £2.2 million over the period to fund works on new council housing to reduce carbon over and above existing measures. These issues have not been explored therefore it is not possible to identify whether this is a viable proposition. 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, savings and the revenue implications of additional capital spend which have been costed based with some assumptions put forward by the Group.

The HRA - makes provision for financing the carbon initiatives on new build property of £736k per annum from revenue referred to above. There is an additional £1.9 million draw on the HRA working balance to fund this and other initiatives

Nigel Kennedy

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