

Head of Finance – Section 151 Comments on Green Group Alternative Budget for 2023-24 to 2026/27

Date 13-02-23

I have reviewed the budget submitted by the Green party as an alternative to the Labour Administrations budget and whilst it is arithmetically correct there are some areas which would give rise to concern.

The General Fund Revenue

The budget allows for additional cost of £1.048 million over the 4 year period, this is balanced by additional income of the same amount. The additional income is further analysed as follows :

- **Reduction in provision for bad debt £400k.** The Council holds a provision for bad debt against commercial property arrears of £7million against £8.5 million of arrears. Work is currently ongoing to determine how much of this debt needs to be written off against the provision and how much can be recovered. Whilst it is possible that more income may be recovered by employing additional resource this is somewhat speculative in the financial climate. Reducing the provision may lead to financial problems at a later date should the income not be collected.
- **Estimated income from solar farm investments £160k** – this is linked to an additional £5.3 million investment in solar farm investments. There have been some notable failures in solar farm investments in a number of authorities in recent times and although officers continue to look into projects of such nature one should exercise some caution before investing in such areas. Equally recent changes in PWLB rules prevent the authority from making such investments, which may be considered ‘predominately for financial gain’. Whilst officers will continue to look into such ventures at this point no suitable ones have been identified and therefore inclusion of this amount in the capital programme together with the resultant income is somewhat speculative presenting some risk to the balancing of the MTFP.
- **Transfer from reserves £488k** – The one-off windfall from the Finance Settlement of around £3.6 million is offset by a number of changes since the Consultation Budget of £1.9 million allowing the transfer **to** reserves of £1.7million. The Consultation Budget allowed for a £2million transfer **from** reserves and therefore the revised final position is a net transfer from reserves of £300k. Taking a further £488k **from** reserves, in the view of the Council’s Chief Finance Officer, reduces the financial resilience of the council over the medium term and it’s ability to deal with existing concerns around income streams and uncertainty around Government funding.

Capital Budget - Within the alternative capital budget, provision has been made for £5.490 million of investment in 2024-25 in solar projects. The investment has been taken from the amount in the capital programme which has been provisionally allocated for city regeneration, the feasibility study for which is currently being

worked up. Should the project need to come forward in the next 4 years then more budgetary provision would be required to enable the project to continue.

No projects have been separately identified for these solar farm investments 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

The HRA – There are no proposed changes to the Administrations HRA Budget

Nigel Kennedy

Head of Financial Services (Section 151 Officer)