

<b>Report Title</b>	Statement of Robustness of Estimates and Adequacy of Reserves
<b>Meeting</b>	Council
<b>Meeting Date</b>	2 <sup>nd</sup> March 2026
<b>Report Author</b>	Karen Spencer, Director of Resources
<b>Directorate</b>	Resources
<b>Lead Executive Member(s)</b>	Cllr David Whipp Leader of the Council
<b>Wards Affected</b>	All
<b>Public. Part Exempt, or Fully Exempt</b>	Public
<b>Appendices (if any)</b>	<b>App A</b> – Draft Statement on the Robustness of Estimates and Adequacy of Reserves 2026/27  <b>App B</b> – Assessment of Funding (Fair Funding Review 2.0)

## 1. Executive Summary

- The purpose of this report is to report on the robustness of the Council’s budget estimates for 2025/26 and the adequacy of financial reserves in accordance with Section 25 of the Local Government Act 2003. Section 25(2) of the Act states that:-  
  
 “an Authority to which a report under this section is made shall have regard to the report when making decisions about the calculations in connection with which it is made”
- **Councillors must, therefore, have regard to this report when making decisions on the 2026/27 Budget (Revenue Budget and Capital Programme) and the associated level of Council Tax.**

## 2. Recommendations

**For the reasons set out in this report, Council is recommended to:**

- 2.1 note the significant amount of uncertainty with future funding allocations consider and have regard to the statements from the Director of Resources (as the Council’s statutory finance officer) as provided at **Appendix A** and **B** when determining the budget (Revenue Budget and Capital Programme) and the level of Council Tax for 2026/27;

- 2.2 note the position on the Council's Medium Term Financial Plan and the uncertainty with future funding allocations and request the Executive take actions as appropriate to ensure the Council's budget remains sustainable over the medium term.

### **Information: the Rationale & Evidence for the Recommendations**

#### ***Background***

- In accordance with Section 25 of the Local Government Act 2003, the Director of Resources (as the Council's statutory finance officer) is required to make a report to the Council on the robustness of the budget estimates and the adequacy of reserves allowed for in the budget proposal.
- In light of the significant financial challenges faced by many local authorities, leading some Statutory Finance Officers to issue reports under s114 of the Local Government Finance Act 1988, it is important that the Council is cognisant of the basis on which the Council's budget has been prepared, the risks – financial and otherwise – faced by the Council and the adequacy of the Council's reserves. This report provides that information and should be considered when determining the Council's budget for the next financial year.

#### **Statement on the robustness of the Council's budget calculations and the adequacy of financial reserves**

- Under Section 25 of the Local Government Act 2003, the Director of Resources as the Council's officer designated under s151 of the Local Government Act 1972 has a personal duty to report to Council, when it considers the budget for the forthcoming financial year, on the following matters:-
  - the robustness of estimates made for the purposes of the calculations; and
  - the adequacy of the proposed financial reserves.
- In deciding on the Budget Requirement (and Council Tax Requirement) for 2026/27, the Council is required to take into consideration this report. The purpose of this is to acknowledge the risks and uncertainties faced by the Council and that adequate provision has been made for these both as part of the budget estimates and also in determining the adequacy of reserves.
- The statements from the Director of Resources are provided at Appendix A and B.
- Councillors should note that the statements are predicated on the budget as presented elsewhere on the Agenda for this meeting. Should there be material changes to the proposed budget that impact on the robustness of estimates or the adequacy of reserves, it may be necessary for the Director of Resources to amend the statements provided at Appendix A and B as is considered necessary.

### **3 Link to Council Plan Priorities: (Providing High Quality Services and Facilities, Proud and Connected Communities and Places, Good Growth and Housing and Healthy Communities)**

3.1 The development of the Council's budget is undertaken within the framework of the Council Plan and the various priorities set out within it.

3.2 The position reported for 2026/27 and the forward projections in the report continue to pose a significant challenge to sustaining current service delivery over the medium-term. There remains a need, therefore, to put in place a strategic approach to future financial planning with a particular focus on a move to a more sustainable cost base over the medium term planning period. The Council will also need to review policies on the delivery of existing services to determine whether the existing policy direction is affordable within the resources available.

## **4 Implications**

### **Financial Implications**

4.1 The financial implications are as given the report.

### **Legal and Governance Implications**

- The Council has a statutory obligation of setting a balance budget annually. This report provides information to support the Council to achieve its statutory obligation in this respect.
- The Council must calculate and approve its Council Tax Requirement for the forthcoming financial year in accordance with s32 and s43 of the Local Government Finance Act 1992 (LGFA 1992), annually.
- Section 25 of the Local Government Act 2003 also requires the officer having responsibility for the administration of the Council's financial affairs (Chief Executive), to report to the Council on the robustness of the budget estimates and adequacy of financial reserves when determining its budget requirement under the LGFA 1992. This is considered in **Appendix A** and will be reported to Council on 27th February when the budget is presented for approval.

### **Climate and Biodiversity Implications**

- There are no climate and biodiversity implications arising directly from the contents of this report.

### **Human Resources Implications**

- There are no Human Resources implications arising directly from the contents of this report.

### **Equality and Diversity Implications**

- There are no Equality and Diversity implications arising directly from the contents of this report.

## 5. Consultation

5.1 As outlined in the report, the Council has undertaken consultation on budget matters to inform the development of the Budget for 2026/27.

- **Alternative Options Considered**

- The development of the budget may involve considering budget options.

## 6. Statutory Officer Sign off (please put an x in the relevant box below)

Section 151 Officer	✓
Monitoring Officer	✓

## 7. Background Documents

### Contact Officers

Karen Spencer, Director of Resources  
Karen.spencer@pendle.gov.uk