

Supplementary Papers for Council

Date: Tuesday, 24 February 2026



8. Cabinet 11 February 2026 - Minute No. 132 - Budget 2026/27 and Medium-Term Financial Plan

Green Group: Budget Amendment

3-4

Labour Group: Budget Amendment

5-8

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BCP Council

Council Meeting 24 February 2026

Item: Agenda Item 8

Recommendation from the Cabinet 11 February 2026

Budget 2026/27 and Medium-Term Financial Plan

Green Group: Budget Amendment

Proposal

1. To remove the 2 Lead Member Special Responsibility Allowances (SRAs) from the 2026/27 proposed budget.
2. To establish a ring-fenced Governance and Assurance Reserve, and to allocate the resultant £35,000 annual saving to that reserve.
3. The Governance and Assurance Reserve shall be available, subject to the approval of the councils Monitoring Officer and Chief Finance Officer, and Council's Financial Regulations and appropriate committee resolution, to support the effective discharge of the Council's statutory governance and scrutiny functions, including but not limited to:
 - a. Commissioning independent reviews or investigations.
 - b. Securing external professional, legal, audit or technical advice.
 - c. Enhancing scrutiny capacity or governance assurance work.
4. Access to the reserve shall require:
 - a. A formal resolution of either the Audit & Governance Committee or an Overview and Scrutiny body; and
 - b. Approval in accordance with the Corporate Schedule of Financial Delegations and the Financial Regulations.
 - c. Approval of the Monitoring Officer and Chief Finance Officer.

Financial Implications:

5. The constitution of the council allows the Leader to appoint up to 6 Lead Members.
6. Each appointment attracts an allowance which inclusive of oncosts amounts to £14,842.
7. The proposed budget for 2026/27 has been drawn up based on the payment of 2 of the 6 Lead Member roles and an overall total cost of £35,000. The two budget roles are as follows.
 - a) Homelessness and Cost of Living
 - b) Performance
8. This amendment removes the above two roles from the budget and reallocates the £35,000 to a specific earmarked reserve.

9. The establishment and use of reserves will be managed in accordance with the Council's Financial Regulations and under the stewardship of the Chief Finance Officer pursuant to Section 151 responsibilities.

10. This proposal does not alter the overall budget requirement for 2026/27 and therefore maintains a balanced budget.

Governance Arrangements

11. The Council's Constitution provides for:

- An Audit & Governance Committee with responsibility for governance, risk, internal control and audit oversight.
- Overview and Scrutiny bodies tasked with holding decision-makers to account and undertaking commissioned work.

12. This amendment strengthens those functions by ensuring that where complex or contentious matters arise, and subject to the approval of the Monitoring Officer and Chief Finance Officer, committees within the parameters of the Governance and Assurance Reserve have access to independent expertise without reliance on the Executive for release of resources.

S25 Report of the Chief Finance Officer

13. The Council's Director of Finance has reviewed this addendum and can confirm that it complies with the Council's Financial Regulations in that it enables a balanced budget for 2026/27 still to be delivered and it has no material impact on the robustness of the budget or the adequacy of the council's reserves. That said, it should be highlighted.

- The amendment is based on the assumption that the 2 Lead Member appointments will not have a material impact on services delivering their objectives within the amount of the approved budget or the delivery of future additional MTFP savings.

BCP Council

Council Meeting 24 February 2026

Item: Agenda Item 8

Recommendation from the Cabinet 11 February 2026

Budget 2026/27 and Medium-Term Financial Plan

Labour Group: Budget Amendment

Proposal

1. To delete recommendation (c) of the budget report which currently reads.

(c) Agrees to protect essential services by setting aside the additional resources from the additional 1.75% council tax flexibility in 2026/27 to avoid using unearmarked reserves to balance the 2026/27 budget and to subsequently reduce the previous £30.1m funding gap in the councils MTFP.

2. To replace this with the following recommendation.

(c) Agrees to allocate the additional council tax receipts from increasing council tax by 1.75% as follows.

i) £1.5m to support the Plan for Play.

ii) £0.5m to support the BCP Library Strategy.

iii) £0.5m to help support urgent pothole repair and road resurfacing.

iv) The remaining £2.4m be allocated towards essential services thereby reducing the draw down of unearmarked reserves. This would replace the £4.8m drawn down in the initial budget to £2.4m.

Context: Statement by the Labour Group

3. BCP Council is a rare example of a local authority permitted by the Government to raise additional funding through council tax, placing it in a comparatively stronger position than similarly placed peers.
4. The Government will write off around 90% of the debt that BCP Council, and all English councils, have accumulated in supporting children and young people with special educational needs and disabilities (SEND) up to the end of the financial year, and will assume direct responsibility for costs from 2028 onwards.
5. BCP Labour's approach would fix our playgrounds and open libraries for longer while also restoring reserves run down over many years.
6. Reserve levels would stay above 6% of Net Revenue Expenditure (NRE) assumed in the original draft budget and above the 5% statutory minimum, benefiting from government support, practical prudent financial management, and investing in local people's priorities.

7. Labour's choice of playgrounds and libraries for investment would meet the ambitions of local people for enhanced, safer, and inclusive spaces.
8. A Play Plan requires strategic investment to meet people's ambitions at a time when national developments are sharpening the focus on the importance of play.
9. Similarly, a Libraries Strategy exists but requires funding to extend opening hours and enable libraries to better support social needs.

Financial Implications:

10. The proposal as put forward will have the following impact.
 - i. Balance the 2026/27 Budget, including the additional £2.5m of expenditure listed in 2 (i) to (iii), by the drawdown of £2.5m from unearmarked reserves.
 - ii. Remove the additional £126k added to the base revenue contingency as a consequence of the additional council tax flexibility announced on 9 February 2026.
11. Prior to this proposal the council reserve position was as set out below.

	Balance 31-Mar-23 £m	Balance 31-Mar-24 £m	Balance 31-Mar-25 £m	Q3 Estimate 31-Mar-26 £m	Budget 31-Mar-27 £m
Unearmarked Reserves	17.9	26.1	27.3	29.3	29.3
Earmarked Reserves	68.5	39.0	55.7	32.5	26.3
Government Contribution: High Needs Stability Grant	n/a	n/a	n/a	n/a	165.2
Total Reserves	86.4	65.1	83.0	61.8	220.8
Dedicated Schools Grant	-35.8	-63.5	-113.4	-183.6	-279.3
Net Position	50.6	1.6	-30.4	-121.8	-58.5

12. The implications of the recommendations in this Amendment will be as follows.

	Balance 31-Mar-23 £m	Balance 31-Mar-24 £m	Balance 31-Mar-25 £m	Q3 Estimate 31-Mar-26 £m	Budget 31-Mar-27 £m
Unearmarked Reserves	17.9	26.1	27.3	29.3	26.8
Earmarked Reserves	68.5	39.0	55.7	32.5	26.3
Government Contribution: High Needs Stability Grant	n/a	n/a	n/a	n/a	165.2
Total Reserves	86.4	65.1	83.0	61.8	218.3
Dedicated Schools Grant	-35.8	-63.5	-113.4	-183.6	-279.3
Net Position	50.6	1.6	-30.4	-121.8	-61.0

13. This proposal worsens the technical insolvency position of the council by £2.5m.

S25 Report of the Chief Finance Officer

14. The Council's Director of Finance has reviewed this addendum and can confirm that it complies with the Council's Financial Regulations in that it enables a balanced budget for 2026/27 to be delivered.
15. However, whilst this Amendment maybe legitimate as the councils Director of Finance I cannot lend my support as my advice, as set out in the substantive budget report, was to apply any resources announced by government as part of the final 2026/27 local government finance settlement to improve the financial health and sustainability of the council. In providing this advice I would make specific reference to the following.
 - a) I do not believe that using resources as proposed in this amendment is consistent with the spirit and intent of the extra council tax flexibility provided by government. The application focused on protecting the financial sustainability of the council with specific reference to the challenges posed by the Dedicated Schools Grant (DSG) deficit, not on additional expenditure on discretionary services.
 - b) the challenge the council has been set by the national government is how we will fund locally at least 10% of the retained DSG deficit which even in the most optimistic scenario means the council will have to identify £38m by 2028/29. This position is based on the assumption that government will provide a High Needs Stability Grant covering 90% of the forecast and estimated £379.3m DSG deficit to 31 March 2028. The government contribution towards the 31 March 2026 deficit is dependent on BCP Council submitting and securing the Department for Education (DfE) approval of a Local SEND Reform Plan and therefore cannot be guaranteed. For deficits that arise in 2026/27 and 2027/28, which in themselves are as a minimum likely to be £96m and £100m respectively, government highlighted that local authorities could expect them to continue to take a similarly appropriate and proportionate approach to such support, although it was recognised that this support would not be unlimited
 - c) BCP Council is currently technically insolvent, therefore it has inadequate level of reserves, and therefore the merit of a proposal which reduces these reserves further is questionable. The council is likely to remain technically insolvent for at least the next couple of years.
 - d) the council has an £18m revenue base budget funding gap over the two financial years 2027/28 and 2028/29. This proposal will reduce any potential support to this position by the application of reserves.
 - e) the council is carrying significant levels of operational risk as referenced in Appendix 10.
16. In addition, I would remind Members that they have a fiduciary duty to the council taxpayers and must act prudently. I would also refer them to the legal implications of the substantive budget report especially section 134 which I have reproduced below.

134. In considering the advice of officers, and the weight to be attached to that advice, Members should have regard to the personal duties placed upon the s151 Officer. Members are obliged under the Code of Conduct to have regard to the advice of the s151 Officer and Monitoring Officer. The Council may take decisions which are at variance with their advice, providing there are reasonable grounds to do so. However, Members may expose themselves to risk if they disregard clearly expressed advice, for example as to the level of provision required for contingencies, bad debts, and future liabilities. In addition, if Members wish to reinstate savings recommended by the Director of Finance in order to balance the budget, they must find equivalent savings elsewhere.