



The councils with elections in 2025... How much reserves have they got?

This report by the Trade Unionist and Socialist Coalition (TUSC) examining the broad financial position of the 32 local authorities which will be holding statutory elections next year (excluding the City of London and the Isles of Scilly), has been produced as an aid for community campaigners, trade unionists, and socialists from different organisations or none, who are considering standing as candidates in the May 2025 polls.

The local authorities covered encompass 21 English County Councils, nine unitary councils, and the Metropolitan borough council of Doncaster. There are also directly-elected mayoral contests for Doncaster and for North Tyneside council, with the latter authority also included here. Combined, the councils analysed have a population of over 23 million people and are responsible for over £46 billion of public spending.

Not all councils across the UK perform the same functions as each other in providing the 800 or so different public services that local government is responsible for, and that is so for the 2025 election 'battleground authorities' too.

All of the councils with elections in 2025 for example are local education authorities and have statutory duties for special educational needs and children's and adult social care, as well as libraries, buses, road maintenance and youth services. As the report shows however, only four of them are responsible for housing, operating separate housing revenue accounts (HRAs).

But whatever the exact scope of their powers is, there is no question that all the 2025 battleground councils have the capacity to impact the lives of, literally, millions. What councillors do matters, in these authorities as in all others – and what they do to implement austerity policies should not go unchallenged.

Councils' coming cash crunch

This report is produced amidst multiple warnings of the developing financial crisis facing local public services, after 14 years in which councils lost an average 40% of

their core funding from central government. One such warning came in a report, published in early October, from the County Council Network – an association which covers many of the councils with elections in 2025 – predicting that 16 county and rural unitary authorities were at risk of ‘Section 114’ technical insolvency notices by 2026.

To be sure the County Council Network, of predominately Tory-led council administrations, has its own axe to grind. Desperate to retain their last remaining power base, Tory councillors have begun to opportunistically position themselves against Labour’s cuts – in Wirral, for example, calling on the council to lobby the chancellor Rachel Reeves against the withdrawal of winter fuel allowance payments to local pensioners.

In essence the Tories’ ‘solutions’ to the funding crisis are just different cuts. In Tory-controlled Derbyshire County Council, for example, proposing to charge the parents of children taken into Section 20 care services half the costs of looking after them. In Buckinghamshire, also Tory-led, it is refusing to fund schools’ special educational needs provision for pupils without an education, health and care plan. The County Council Network report is full of such ominous ‘reform’ ideas to effectively re-distribute austerity misery between different groups of working class people.

But that’s all the more reason then to have the facts and figures at hand to show how a real fightback against New Labour’s ‘new austerity’ could be fought – if there were fighting councillors in the County Halls. And that, along with the other TUSC resources available (at <https://www.tusc.org.uk/resources/>), is the purpose of this report.

What should be done?

TUSC has consistently explained, in our briefing document *Preparing a No Cuts People’s Budget* (<https://www.tusc.org.uk/wp-content/uploads/2022/11/450.pdf>) for example, that councils have the ability to resist austerity. It is possible to set No Cuts budgets that, while not permanently resourcing local services, provide a ‘breathing space’ to organise a mass campaign to compel central government to properly fund councils to do so.

In essence the strategy we propose is that councils should creatively deploy the borrowing powers that they have to avoid making cuts; and use their reserves to cover the cost of the initial interest and loan repayments (the Minimum Revenue Provision in the official jargon). It is obviously more nuanced than that, stretching the legal as well as financial elasticity that is involved in budget-making, with the detail explained in our previous material – which has not been substantially challenged by TUSC’s (many) establishment opponents.

But what is different this time, making a strategy of defiance even more realisable as councils draw up their 2025-2026 budgets, is the new political terrain of a new Labour government.

Councillors have always been able to exercise their own judgement on the advice they receive from their Chief Financial Officers (CFOs) when they come to vote on budget-making decisions in the council chamber. Their legal duty is actually to “determine whether they agree with the CFO’s statutory report issued under section 26 of the LGA

2003” which means, of course, that if there are genuinely different assessments that could be made, councillors can make them. And that includes whether or not councils can reasonably expect further support from central government to meet their real funding requirements.

He's not 'Iron Starmer'!

Our report gives information for all of the councils included on the gross expenditure of each authority – the total cost of the councils’ services – taken from the council’s published 2023-24 statement of accounts (unless stated)¹. This is then followed by the amount each council held in ‘unallocated’ General Fund² (GF) and, where applicable, Housing Revenue Account³ (HRA) reserves as of 31st March 2024; the level of earmarked but largely useable reserves for the two accounts (where this breakdown is specified in the statement of accounts, listed as unallocated if not); and lastly, the Capital Receipts reserves held (which is money available for new capital spending).

Combined the 2025 battleground councils have £7.538 billion in general fund and capital receipts reserves that they could use to resource a fightback.

Can a council legally use earmarked reserves? Some will be restricted – for example, school reserves (although they can be used to support ‘licensed deficits’ for schools to prevent teacher and support staff redundancies, for example). But the legal position is that most earmarked reserves may be used on a ‘short-term temporary basis’ for other purposes provided the funding can be ‘reasonably expected’ to be replaced in future years. Which is, of course, a political calculation – could Starmer’s New Labour government be made to pay-up for local council services or not?

All council Chief Financial Officers’ assessments inevitably include an element of political judgement on this question (and others) but councillors can also make their own judgement.

The situation now is different, for example, to that facing councils in the early 1990s. And how many council officers in October 1990 began drawing up budget proposals for the 1991-92 financial year even thinking that, just five months later, Margaret Thatcher and her poll tax would have been defeated and the Community Charges (General Reduction) Act would have gone through parliament, increasing government support for local authorities by £4.3 billion (nearly £11 billion in today’s money)?

Are councillors really saying that it would be more difficult to force Starmer and Rachel Reeves to retreat on local council funding than it was to remove the ‘Iron Lady’ Tory prime minister in 1990?

TUSC doesn’t think so – and hopefully there will be many working class community campaigners, trade union fighters, and socialists who will come forward to make that argument in the fight over council budgets in the next few months and as candidates at the ballot box next May.

Clive Heemskerk
TUSC National Agent
16th October 2024

Notes:

1. Not all councils have published their unaudited accounts for 2023-24 at the time of writing and, when that is so, we have used the latest published accounts as stated. In addition accounts vary in their presentation reflecting the differing areas of responsibility councils have, normal accounting adjustments for impairments etc. So while the figures in this report certainly give an indicative picture they cannot be totally complete and are not a substitute for a detailed analysis of each council's individual financial position.

2. A local authority's General Fund (GF) is the account through which the cost of all council services are paid for, except those related to council housing and the delegated spending of locally managed schools.

3. The Housing Revenue Account (HRA) is a legally separate account through which the cost of council housing is paid for. The HRA cannot cross-subsidise the General Fund or be cross-subsidised by it.

Acknowledgement

The TUSC steering committee would like to put on record its thanks to Scott Hunter for his work on collating the council finance information in this year's report.



Councils with elections in 2025: statistical profiles

Below is a statistical profile of the English county councils and unitary authorities (and two metropolitan boroughs) with elections in May 2025, grouped into regions. Items included are the population of the council area as recorded in the 2022 census; the gross council expenditure for the 2023-2024 financial year (unless stated); and the General Fund (GF) and Capital Receipts' reserves, unallocated and earmarked – and the Housing Revenue Account (HRA) reserves where applicable – held by each council as recorded in their most recent annual statement of accounts.

Eastern

Cambridgeshire County Council

Population: 689,000
Gross council budget: £1,173m
Unallocated GF reserves: £29.4m
Earmarked GF reserves: £171.8m
Capital receipts reserves: £0.9m

Essex County Council

Population: 1.52m
Gross council budget: £2,294m (2022-2023)
Unallocated GF reserves: £68m
Earmarked GF reserves: £110m
Capital receipts reserves: £12m

Hertfordshire County Council

Population: 1.21m
Gross council budget: £2,306m
Unallocated GF reserves: £62.3m
Earmarked GF reserves: £285.1m
Capital receipts reserves: £19.7m

Norfolk County Council

Population: 925,000
Gross council budget: £1,875m
Unallocated GF reserves: £25.5m
Earmarked GF reserves: £139.5m
Capital receipts reserves: £20.6m

Suffolk County Council

Population: 769,000
Gross council budget: £1,355m
Unallocated GF reserves: £66.4m
Earmarked GF reserves: £101.7m
Capital receipts reserves: £8.7m

East Midlands

Derbyshire County Council

Population: 803,000
Gross council budget: £1,540m (2022-2023)
Unallocated GF reserves: £32.7m
Earmarked GF reserves: £272.4m
Capital receipts reserves: £9.7m

Leicestershire County Council

Population: 722,000
Gross council budget: £1,038m
Unallocated GF reserves: £26m
Earmarked GF reserves: £260.9m
Capital receipts reserves: £5.2m

Lincolnshire County Council

Population: 776,000
Gross council budget: £1,364m
Unallocated GF reserves: £16.4m
Earmarked GF reserves: £225.7m
Capital receipts reserves: £5.7m

North Northamptonshire Council

Population: 363,000
Gross council budget: £764m
Unallocated GF reserves: £24.2m
Earmarked GF reserves: £99.5m
Capital receipts reserves: £0

Nottinghamshire County Council

Population: 835,000
Gross council budget: £1,504m
Unallocated GF reserves: £36.9m
Earmarked GF reserves: £196.2m
Capital receipts reserves: £8.6m

West Northamptonshire Council

Population: 429,000

Gross council budget: £854m

Unallocated GF reserves: £35m

Earmarked GF reserves: £54.1m

Capital receipts reserves: £0

Capital receipts reserves: £0

Isle of Wight

Population: 141,000

Gross council budget: £398m (2022-2023)

Unallocated GF reserves: £12.1m

Earmarked GF reserves: £113m

Capital receipts reserves: £1.8m

Northern**County Durham Council**

Population: 528,000

Gross council budget: £1,498m

Unallocated GF reserves: £32.1m

Earmarked GF reserves: £203.5m

Capital receipts reserves: £0.7m

Kent County Council

Population: 1.59m

Gross council budget: £2,988m

Unallocated GF reserves: £43m

Earmarked GF reserves: £373.2m

Capital receipts reserves: £44.2m

North Tyneside Council Mayor

Population: 304,000

Gross council budget: £764.7m

Unallocated GF reserves: £7m

Earmarked GF reserves: £53.1m

Unallocated HRA reserves: £3.3m

Earmarked HRA reserves: £21.5m

Capital receipts reserves: £24.3m

Oxfordshire County Council

Population: 738,000

Gross council budget: £1,227m

Unallocated GF reserves: £41.9m

Earmarked GF reserves: £210.4m

Capital receipts reserves: £33.1m

Northumberland County Council

Population: 324,000

Gross council budget: £1,150m

Unallocated GF reserves: £51m

Earmarked GF reserves: £167.2m

Unallocated HRA reserves: £29m

Earmarked HRA reserves: £1.2m

Capital receipts reserves: £8.3m

Surrey County Council

Population: 1.21m

Gross council budget: £2,432m

Unallocated GF reserves: £49.1m

Earmarked GF reserves: £427.9m

Capital receipts reserves: £10.7m

West Sussex County Council

Population: 892,000

Gross council budget: £1,787m

Unallocated GF reserves: £36.3m

Earmarked GF reserves: £183.1m

Capital receipts reserves: £7.2m

North West**Lancashire County Council**

Population: 1.25m

Gross council budget: £2,811m

Unallocated GF reserves: £23.4m

Earmarked GF reserves: £364.8m

Capital receipts reserves: £24.3m

South West**Cornwall Council**

Population: 575,000

Gross council budget: £1,467m

Unallocated GF reserves: £41.2m

Earmarked GF reserves: £193.4m

Capital receipts reserves: £59.3m

Southern**Buckinghamshire Council**

Population: 505,000

Gross council budget: £1,235m (2020-2021)

Unallocated GF reserves: £49.1m

Earmarked GF reserves: £230.7m

Capital receipts reserves: £9.3m

Devon County Council

Population: 826,000

Gross council budget: £1,593m

Unallocated GF reserves: £16m

Earmarked GF reserves: £86.2m

Capital receipts reserves: £16.9m

East Sussex County Council

Population: 551,000

Gross council budget: £1,185m

Unallocated GF reserves: £10m

Earmarked GF reserves: £72.4m

Capital receipts reserves: £9.3m

Gloucestershire County Council

Population: 652,000

Gross council budget: £1,258m

Unallocated GF reserves: £32.4m

Earmarked GF reserves: £123.6m

Capital receipts reserves: £0

Hampshire County Council

Population: 1.42m

Gross council budget: £2,769m

Unallocated GF reserves: £25.9m

Earmarked GF reserves: £489.4m

Wiltshire Council

Population: 516,000
Gross council budget: £976m (2020/2021)
Unallocated GF reserves: £16.9m
Earmarked GF reserves: £120m
Unallocated HRA reserves: £8.2m
Earmarked HRA reserves: £0
Capital receipts reserves: £11.5m

West Midlands

Shropshire Council

Population: 327,000
Gross council budget: £763m
Unallocated GF reserves: £8.2m
Earmarked GF reserves: £35.4m
Unallocated HRA reserves: £11.7m
Earmarked HRA reserves: £0
Capital receipts reserves: £0

Staffordshire County Council

Population: 886,000
Gross council budget: £1,387m
Unallocated GF reserves: £48.5m
Earmarked GF reserves: £369m
Capital receipts reserves: £9.2m

Warwickshire County Council

Population: 608,000
Gross council budget: £1,181m
Unallocated GF reserves: £26m
Earmarked GF reserves: £201.7m
Capital receipts reserves: £0

Worcestershire County Council

Population: 609,000
Gross council budget: £1,140m
Unallocated GF reserves: £16.2m
Earmarked GF reserves: £105.7m
Capital receipts reserves: £0

Yorkshire

Mayor of Doncaster

Doncaster Borough Council

Population: 311,000
Gross council budget: £800m
Unallocated GF reserves: £14.3m
Earmarked GF reserves: £90.8m
Unallocated HRA reserves: £7.8m
Earmarked HRA reserves: £0
Capital receipts reserves: £26.3m