

Section 151 Officer's statement on robustness of budgets and adequacy of reserves

Introduction

The Section 151 Officer (S151 of the Local Government Act 1972) is required to make a statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under section 25 of the 2003 Local Government Act which states the following:

- (1) *Where an authority to which section 32 or 43 of the Local Government Finance Act 1992 (billing or major precepting authority) or section 85 of the Greater London Authority Act 1999 (c.29) (Great London Authority) applies is making calculations in accordance with that section, the chief finance officer of the authority must report to it on the following matters-*
- (a) *The robustness of the estimates made for the purposes of the calculations, and*
- (b) *The adequacy of the proposed financial reserves.*
- (2) *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.*

This includes reporting and taking into account:

- The key assumptions in the proposed budget and to give a view on the robustness of those assumptions.
- The key risk areas in the budget and to assess the adequacy of the Council's reserves when reviewing the potential financial impact of these risk areas on the finances of the Council. This should be accompanied by a Reserves Strategy.

This report has to be considered and approved by Council as part of the budget approval and Council Tax setting process.

This document concentrates on the 2021/22 Revenue Budget Estimates, the proposed Capital Programme, Capital Strategy and Investment Strategy, but in addition it also considers key medium-term issues faced by the Council.

Assurance Statement of the Council's Section 151 Officer

The following are the summary assurances and recommendations of the Council's Section 151 Officer.

In relation to the 2021/22 budget, I have examined the budget proposals and I believe that, whilst the spending and service delivery proposals are challenging, they are nevertheless achievable given the political and management will to implement them, good management, and the sound monitoring of performance and budgets. I am satisfied that sufficient management processes exist within the Council to deliver this budget and to identify and deal with issues which may arise unexpectedly during the year.

1. My assurance is conditional upon:

- The agreement of a Medium-Term Financial Strategy for 2021/22 to 2023/24.
- The continued impact of the COVID-19 pandemic. Whilst the Council has identified finances to utilise as contingencies against the pandemic the future remains uncertain as to the exact path of the recovery and timescale. Of particular concern is the £629k income from the leisure centre management fee and support for the centres. An extension to the government's income compensation scheme until 30 June 2021 provides a period of government support in terms of the income.
- A recognition in the medium term planning approach that the level of reserves and corporate risk assessment need to be regularly reviewed in the light of changing circumstances and that it may not be possible to match the two at any single point in time. The Council needs to show a commitment to maintain reserves at a level which provides adequate cover for most identified risks during the planning period. This approach is pragmatic and shows a clear commitment to prudent financial planning.
- Councillors, Directors, Service Managers and budget holders managing their services with challenge on spending decisions and giving due regard to and exercising the financial controls and checks set out within the Council's Financial Regulations and Contract Standing Orders and delegations and spending within budget.
- That the Council has arrangements and resources in place to consider value for money in preparation for future years' budgets.

2. In relation to the adequacy of reserves, the overall position is that the authority has healthy balances across the General Fund and Capital but recognises that over the medium term these are reducing rapidly. The

policy on reserves and use of balances is set out annually and agreed in the medium term financial strategy.

3. In relation to the General Fund Capital Programme 2021/22, balances remain healthy, but the position is changing as capital receipts decline.

Assurance

Given all these factors, I, as the Council's Section 151 Officer, consider the estimates for 2021/22 to be sufficiently robust, but challenging, for approval by the Council. I am also able to advise the Council that the planned level of usable General Fund Reserves and the working balance is adequate.

Chris Leslie, Director of Resources (Section 151 Officer)