

Interim Director of Resources 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 2017/18 General Fund Revenue Budget Estimates, the proposed Capital Programme and Treasury Management Strategy, but in addition it also considers key medium term issues faced by the Council.

Assurance Statement of the Council's Section 151 Officer - Director of Resources

The following are the summary assurances and recommendations of the Council's Section 151 Officer, currently the Interim Director of Resources.

In relation to the 2017/18 General Fund Revenue 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 any problems which may arise unexpectedly during the year.

1. My recommendations are conditional upon:

- The agreement of a Medium Term Financial Strategy for 2017/18 to 2019/20.
- 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, Chief Executive, Directors, Service Managers and budget holders managing their services 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. 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 2017/18 (including commitments from previous years and new starts), 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 2017/18 to be sufficiently robust but challenging for approval by the Council. I am also able to advise the Council that the planned level usable General Fund Reserves and the working balance is adequate.

Kamal Mehta
Interim Director of Resources