

**COUNCIL**

**4 MARCH 2020**

## **REPORT OF CABINET**

### **Supplementary Report of the Executive Director of Corporate Services regarding the Conservative Group Budget Amendment**

#### **Introduction**

All opposition groups are able to put forward budget amendments to Cabinet's proposals for the Capital and Revenue Budgets. As these amendments could be approved by full Council, they must go through the same scrutiny as Cabinet's proposals to ensure that they are deliverable, legally sound and financially balanced.

#### **Comments on the Conservative Group amendment**

I am providing this supplementary report to Council in relation to the Conservative Group amendment, after consultation with the Chief Executive (in his role as Head of Paid Service) and the Monitoring Officer. I can confirm the following:

The Conservative Group amendment to the budget includes the use of £1.296m of the General Fund Balance. For reference, the Cabinet budget proposal details that the General Fund Balance will be left at its current level of £12.000m, so the Conservative proposal represents a 10.8% reduction.

As is set out in the Council papers, specifically item 6(ii), Section 13 (which can be found on page 148 of the agenda pack), I am required to confirm the level of General Fund Balance that I consider is appropriate. This section summaries the factors that I have taken into account in reaching my professional opinion, which concludes that the General Fund Balance of £12.000m is appropriate.

This advice has been provided consistently to all groups, including Cabinet, as part of the budget and amendment preparations.

The use of the General Fund Balance as proposed by the Conservative Group would reduce the General Fund Balance that we have in place to deal with financial or operational uncertainty in 2020/21. However, it will also impact on future years within the medium term financial plan, as the base budget will require further use of the General Fund Balance in future years if alternative financial efficiencies or additional income are not identified.

If the Conservative amendment was approved and became the Council's budget for 2020/21, I consider that the Council's risk exposure would be materially increased. As set out in the main report, there remain a number of significant areas of uncertainty for local authority finances in the short and medium term. As Chief Finance Officer, I am statutorily required to ensure that the net expenditure proposed to be incurred next year or the following financial years will not exceed the resources available to meet that expenditure. The resources include the reserves available to the Council.

In conclusion, whilst the amendment can be taken forward as part of setting a legal budget, I do not recommend this level of General Fund Balance for the reasons set out above.