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Dear Member

COUNCIL - TUESDAY, 7 MARCH 2023

I am now able to enclose, for consideration at the Tuesday, 7 March 2023 meeting of the Council, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
9.	Revenue Budget 2023/2024 Conservative Amendment and S151 Officer Report	(Pages 2 - 5)

Yours sincerely

June Gurry
Clerk

Item 9 – Revenue Budget 2023-2024

Conservative Notice of Motion

Council Meeting 7 March 2023

Proposed amendment

(Constitution Reference: Council Meeting Standing Order A13.4)

(Amendments shown in bold text)

Revenue Budget:

- 3.1 That for 2023/24 net revenue expenditure of ~~£131.0m~~ **£129.8m** resulting in a Council Tax requirement of ~~£82.7m~~ **£81.5m** for 2023/24 (a ~~4.99%~~ **3.49%** increase in Council Tax, of which 2% is for Adult Social Care) be approved. **The Cabinet's budget proposals be amended to include the use of £1.2m of the Investment Fund Contingency Reserve (one off).**
- 3.2 That the proposed Fees and Charges for 2023/24 be approved.
- 3.3 That, in accordance with the requirement of the Local Government Act 2003, the **additional** advice given by the Chief Finance Officer (**circulated on 2 March 2023**) with respect to the robustness of the budget estimates and the adequacy of the Council's reserves (as set out in the report) **in light of the revised budget resulting in a reduction in Council Tax** be noted.
- 3.4 That it be noted that the Brixham Town Council precept for 2023/24 of £394,372 will be included as part of the Torbay Council budget for Council Tax setting purposes.
- 3.5 That the Chief Executive, in consultation with the Director of Children's Services, Chief Finance Officer, Cabinet Member for Children's Services and Cabinet Member for Finance, be authorised to approve the "safety value" agreement in relation to the Higher Needs Block deficit, subject to an offer of an agreement being made by the Department for Education.

Proposer: Councillor David Thomas

Seconder: Councillor Bye

Meeting: Council **Date:** 7 March 2023

Wards affected: All Wards

Report Title: Section 151 Officer's Budget Robustness Statement

When does the decision need to be implemented? 7 March 2022

Director Contact Details: Martin Phillips, Section 151 Officer,
martin.phillips@torbay.gov.uk

1. Purpose of Report

- 1.1 It is a statutory requirement for the Section 151 Officer to formally report to Council as part of the budget setting process. It is the collective obligation of all Councillors to ensure that the Council sets a balanced budget, taking account of these views. This includes a view on the level of reserves which are held against specific liabilities and risks.
- 1.2 In relation to the proposed amendment the Section 151 Officer advises Council as follows:
 - 1.2.1 This amendment reduces the Council's core funding by £1.2m in financial year 2023/24 compared to the Partnership's proposed budget and in each year following. Given that the use of a reserve can only be "one off" i.e. a source of funding only available in one year, from 2024/25 onwards this will need to be replaced with a new income stream or service reductions. There are currently no proposals for how this would be achieved, and therefore the impact of the same is unknown. This is a risk for the Council.
 - 1.2.2 The Council needs to be aware that forgoing a Council Tax increase up to the referendum level in 2023/24 also entails a loss of funding of £1.2m in each year moving forward assuming referendum levels remain in place. This would mean a reduction in funding of £6m over 5 years, £12m over 10 years and so on. The Review of Reserves report for 2023/24 states inter alia:
"Members are again reminded of the advice previously given by the Chief Finance Officer, that reserves should not be used for supporting ongoing

recurring expenditure. Use in that way is not financially sustainable as reserves can only be spent once". (para 3.16).

"CIPFA guidance on reserves, included in the Financial Management Code of Practice (2020), states that "the authority's reserves should not generally be used to pay for day-to-day expenditure. They should not, except in the most exceptional circumstances, be used to fund a budget shortfall either, without a plan in place to address the underlying deficit and to replenish the reserves"". (para A3.1).

- 1.2.3 In addition to the principle of using reserves in the way proposed by the amendment, Members should be reminded as to the rationale for creating the Investment Fund Reserve.
- 1.2.4 The Investment Fund reserve was created to mitigate any short-term variations in income or costs associated with Investment Fund properties such as void and rent-free periods. There are currently known risks within the Investment Fund, which the reserve is there to mitigate against, to ensure that there are not unexpected impacts upon the Council's revenue budget in-year. The current pressures are linked to tenant rent break options that occur in the next few years.

1.2.5 For information if the amendment is accepted the impact on council tax bands for 2023/24 would be as follows:

	Valuation Band							
	A	B	C	D	E	F	G	H
Ratio of each band-to-Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
	£	£	£	£	£	£	£	£
Torbay Council	1,166.02	1,360.36	1,554.70	1,749.04	2,137.72	2,526.39	2,915.06	3,498.08
Police and Crime Commissioner	174.37	203.44	232.50	261.56	319.68	377.81	435.93	523.12
Devon and Somerset Fire and Rescue Authority	64.53	75.28	86.04	96.79	118.30	139.81	161.32	193.58
Aggregate of Council Tax Requirements ex. Town Council	1,404.92	1,639.08	1,873.24	2,107.39	2,575.70	3,044.01	3,512.31	4,214.78
Brixham Town Council	42.33	49.38	56.43	63.49	77.60	91.71	105.82	126.98
Aggregate of Council Tax Requirements including Brixham Town Council	1,447.25	1,688.46	1,929.67	2,170.88	2,653.30	3,135.72	3,618.13	4,341.76