

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

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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