

## **Liberal Democrats (LD) Group – budget amendment**

### **Section 151 Officer Comments:**

In order for the Council to vote on the proposed amendment and for it to form part of the annual budget should the proposal be successful, the Council's Chief Finance Officer (Section 151 Officer) is required to provide a statement on the robustness of the budget estimates and adequacy of reserves; the specific requirements upon the Section 151 officer are contained in Section 25 of the Local Government Act 2003:

‘... the chief finance officer of the authority must report to [a council making budget / council tax decisions] 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.’

The Strategic Director Finance and Customer Services is the Council's statutory Chief Finance Officer (Section 151 Officer), and is confident that the estimates being presented by the administration have been based on sound knowledge of the costs and income, which will aim to deliver on the priorities within the Council's Five-Year Strategic Plan. This is stated in the main body of the report on this agenda item. The budget proposed under the amendment is very similar to the administration's budget proposed under this agenda item with a couple of notable exceptions:

- The introduction of a general Council Tax rebate for properties within Band A-D of the Council's Tax base.
- The extension of the Medium Term Financial Strategy by a further three years to cover the period of an annual budget for the financial year 2023/24 and indicative budgets for each of the following six years 2024/25 to 2029/30. This includes:
  - An assumption around future interest rates and a corresponding reduction in rates going forward
  - An assumption around the future minimum revenue provision based on expected capital receipts being used to pay of capital debt principal.
  - A projection of future rental streams for the property portfolio based on a five present increase each year from 2025/26.

### **The Council Tax rebate scheme**

It is the duty of the Chief Finance Officer to state if any proposal is not legal or puts the Council in an unsustainable financial position. Given the level of reserves the Council holds this proposal is legal and affordable over the next two financial years.

This proposal represents a cost to the Council as the Council will have to re-imburse the collection fund for any rebate given; it is effectively negating half of the increase in council tax income for the next two years to pay for local services, at a time when any increases are capped to a level well below the prevailing rate of inflation and the

Council is facing significant unavoidable increases in the costs associated with the delivery of local services, including contractual costs. There will be a small cost for implementing a rebate scheme.

The Council already provides nearly £3.5 million in highly targeted support to help those who are most vulnerable in the Borough, which is probably more effective than giving a blanket rebate, some of which will be going to residents who are relatively affluent.

### **The extension of the Medium Term Financial Strategy.**

It is incumbent on the Council to set a prudent, and affordable budget for the next financial year. To give an indication of the future direction and sustainability of the Council it is advisable to provide a 'forward look' of the indicative potential pressures and receipts over the next few years. This is normally anything from two to four years' indicative budgets after the year that the annual budget is set for. Anything longer than this is based on too many variables, and as such is not generally accepted as prudent.

Whereas it is not possible to prove or disprove the assumptions in the alternative budget for the six year forward look, it is not standard or advisable practice to take the 'upside' view only.