

Report of the Head of Corporate Finance on the robustness of the budget proposal and a statement on reserves and provisions

1. Section 25 of the Local Government Act 2003 requires me to report to Council on:
 - a) the robustness of the estimates made for the purposes of the calculations [required in accordance with the Local Government Finance Act 1992 in order to set the budget], and
 - b) the adequacy of the proposed financial reserves.
2. Council is required to 'have regard' to this report before setting a budget.
3. CIPFA also recommend that I should report to Council on the adequacy of the general reserves and provisions in respect of the forthcoming year and the authority's medium term financial strategy.
4. The Budget Report sets out the way in which the base budget has been prepared. There are a number of significant savings proposals on which consultation will not be completed until after the budget has been set. However, the level of saving taken in the first year has been set at a prudent level as a result.
5. Paragraphs 52 to 54 of the budget report refer to the Budget Risk Management Strategy, and that strategy considers in some detail the risks associated with the budget, and how those risks should be managed. It also includes risk-based calculations of the levels of contingency and of general reserve required, taking into account the strategic, operational and financial risks facing the authority, the growth bids recommended for approval as a result of demand-led pressures, and the levels of savings recommended. The minimum level of reserve remains at the same level set for 2012/13.
6. Appendix G to the Budget Report sets out the other reserves the Council maintains, and comments on their adequacy. As stated in Appendix G, I deem these reserves to be adequate, on the basis of the budget recommendations put forward.
7. On the basis that the risk management measures set out in the Budget Risk Management strategy are implemented, I report that the estimates made for the purposes of the budget calculations put forward for approval by the Executive are robust, and that the level of proposed financial reserves resulting from those recommendations are adequate.
8. The budget proposals come close to producing a balanced budget over 3 years, which is a major advance in medium term financial planning, and something that the Council has not been able to achieve prior to this year. On this basis I am able to report that, again subject to the risk management measures set out in the Budget Risk Management

strategy being implemented over the medium term, that the general reserves and provisions are also adequate in relation to the Council's medium term strategy.