

APPENDIX D

SECTION 25 RESERVES STATEMENT

Report of the Acting S151 Officer as required by Section 25 of the Local Government Act 2003

Section 25 of the Local Government Act 2003 requires the designated Chief Finance Officer of the Authority (the Executive Director - Resources) to report to it on the following matters:

(a) the robustness of the estimates for the purposes of the statutory budget calculation;

(b) the adequacy of the proposed financial reserves;

and the Authority must then have regard to that report when making decisions about the statutory budget calculations.

Robustness of estimates

The estimates which comprise the budget proposed in this report have been completed by my staff and staff in Directorates, based on known commitments, a prudent allowance for pay awards and spending pressures and an appropriate assessment of the potential risks and uncertainties. We have also had regard to the availability of external funding, particularly specific Government Grants and partnership funding and income levels from fees and charges. We have also made an estimate of the continued impact of the COVID-19 pandemic and the Government funding that has been announced to fund this.

The adequacy of the proposed financial reserves

The table below shows the forecast movement on General Fund reserves, excluding schools as at 31 March 2021.

	Outturn Report 2019/20 (£000)	Adjustments (£000)	Estimated Position 2020/21 (£000)
Free Balances	11,470	0	11,470
Earmarked Reserves	66,956	7,682	59,274
Carry Forwards	8,641	4,729	3,912
Total	87,067	12,411	74,656

General Fund reserves are continuing to reduce as planned and, due to the focus of the Council being on dealing with the COVID-19 pandemic over the last year, it has not been possible to deliver some planned savings. It has therefore been necessary to make use of some one-off resources to set a balanced, legal budget for 2021/22. These one-off resources either relate to: -

- COVID-19 pressures which are planned to be funded from the emergency funding allocated to the Council.
- Earmarked balances that are no longer required as there is no further expenditure commitment.
- Earmarked balances, the expenditure for which has now been built into the base budget moving forward.

While it has been appropriate to utilise reserves in this way there is now a need to seek options to replenish reserves and make ongoing savings in order to address the budget shortfall in future years. The Leadership Team's Budget Board will be leading on this work.

Our longstanding and continuing aim is to have a prudent level of free balances of between 3% and 5% of the total net general fund revenue budget. The level of 'free' reserves as at 31 March 2021 is forecast to be £11.470m which is at the upper end of this scale.

The Opinion of the Acting S151 Officer: -

In my professional opinion:

- (a) the estimates made for the purposes of the calculation of the Council's budget requirement under Section 32 of the Local Government Finance Act 1992, contained in this report, are robust;
- (b) the financial reserves that will remain available to the Council as a result of agreeing the proposals contained in this report are adequate to enable the setting of a lawful budget for 2021/22.