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To: All Members

Our Ref: JG/BR

Date: 17 February 2021

Dear Councillor

Objection to Cabinet Budget Proposals: Advice of Section 151 Officer and Monitoring Officer

At the meeting of full Council on 18 February 2021, Council will consider any Notices of Objection to the Elected Mayor and Cabinet's budget proposals submitted in accordance with the Constitution by 4pm on 16 February 2021. The Section 151 Officer has received one Notices of Objection from the Conservative Group.

The Conservative Objection is in the form of a budget proposal which is an alternative to the Elected Mayor and Cabinet's budget proposals received by Council on 1 February 2021.

When full Council considers the Objection submitted by the Conservative Group it is necessary for the Section 151 Officer and Monitoring Officer to ensure that full Council is in receipt of appropriate financial and legal advice in relation to that Objection.

Members will note that when considering the advice of the Section 151 Officer set out below on the Objection, it has been necessary for the Section 151 Officer to have regard not only to whether the Objection as put forward would provide a balanced budget for the Authority in 2021/22 but also whether the estimates of amounts as set out in the Objection are robust and, in particular, whether the Authority's reserves will be adequate not only for 2021/22 but also for future financial years. Advice previously obtained from James Goudie QC on these matters is attached to this letter for Members' information.

The advice of the Section 151 Officer in relation to the Notice of Objection submitted by the Conservative Group is set out below:

The Local Government Act 2003, section 25, sets out the statutory duty of the Section 151 Officer to report on the robustness of estimates and adequacy of reserves. In regard to this requirement the Section 151 Officer has considered the risks in relation to the financial position of the Authority at this point in time and also in the medium term. The advice of the Section 151 Officer is that the most significant risks to the Authority currently identified (although others exist and have been taken into account by the Section 151 Officer) are that:

- The uncertain future, with regards to Central Government Funding and the increased reliance on Council Tax and Business Rates to fund services, continues;
- The ongoing financial impact of COVID-19, in relation to income and expenditure for both the General Fund and the Housing Revenue Account (HRA) on the General Fund Medium-Term Financial Plan and the HRA 30-year Business Plan, remains uncertain;
- the Authority will continue to be subject to increasing pressure, both demographically and financially with regard to the provision of Adult Social Care Services;
- the Authority will continue to be subject to increasing financial pressure, with regard to the provision of Children's Social Care Services; and,
- the Authority's ability to achieve efficiency targets identified is becoming increasingly challenging.

In the light of the risks to the Authority referred to above, and in the professional view of the Section 151 Officer when addressing her duty to report on the robustness of estimates and adequacy of reserves, the Notice of Objection from the Conservative Group presents an additional significant risk to the Authority's financial position by failing to take the opportunity to increase Council Tax resulting in the use of reserves. In the view of the Section 151 Officer, should such an Alternative Budget Proposal ultimately be adopted as the Authority's budget for 2021/22, this brings into question the financial sustainability of the Authority.

Yours sincerely



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