

## NORTH TYNESIDE COUNCIL

### Consideration of Objections to Cabinet Budget Proposals

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#### OPINION

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1. I am asked to advise on Objections to budget proposals submitted by a local authority's Executive to Full Council and the extent to which it is sufficient for the local authority's section 151 Officer to consider such Objections, which are set out as alternative budget proposals, simply in the light of the obligation placed upon the local authority to have a balanced budget in year.
2. My advice is that such an Objection, being one that is presented as an alternative budget proposal must take into account the longer term financial planning requirements of the Authority and not just propose a budget that is balanced for the forthcoming financial year.
3. Although Sections 31A and 42A of the Local Government Finance Act 1992 provide that an Authority must have a balanced annual budget, it is also a requirement of Section 25 of the Local Government Act 2003 that the Authority to have regard to a report of the Section 151 Officer on the robustness of estimates and the adequacy of reserves when it considers its budget requirement.
4. In addressing the adequacy of reserves the Section 151 Officer must consider the longer term implications and future financial risks for the local authority and cannot limit considerations to a single financial year in a blinkered way.

5. When Full Council receives any Objection to a local authority Executive's budget proposals and the Section 151 Officer, in exercising their professional judgement, considers that the Objection although providing a balanced budget for one year does not provide robust estimates or adequate reserves for the longer term, this is a matter on which advice to Full Council should properly be given. This enables Full Council to take any decision, whether to support or reject the Objection in the light of proper professional advice.

6. I am aware that this advice is to be shared with the Members of the Council and it is prepared on that basis.

A handwritten signature in black ink, appearing to read 'James Goudie', written in a cursive style.

12<sup>th</sup> February 2018

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JG  
12/02/18