

Supplement to the agenda for

Council

Friday 11 February 2022

10.00 am

**Three Counties Hotel, Belmont Road, Belmont, Hereford, HR2
7BP**

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Additional S25 opinion of the S151 officer following the publication of proposed budget amendments.

There are a number of proposed budget amendments for Council to consider at its budget-setting meeting. The S151 officer has examined these and has formed the following opinions.

Robustness of estimates.

None of the proposed amendments seek to amend the core estimates used to construct the budget. There are no proposed new services or service reductions. One of the amendments looks to defer the implementation of a price increase to a later date. This amendment does not alter the estimate; it is merely designed to delay the implementation of a price increase. The other proposed amendments do not amend any of the estimates used to construct the budget.

If the proposed reductions in council tax increases are approved by Council the future levels of council tax charged by the Council are likely to be lower. This is due to the current method of increasing council tax amounts based on a percentage increase of the previous year's rate. This is not an estimating issue, but a recognition of the structural impact of a reduced level of council tax increase has over following years.

The S151 officer is satisfied the revised estimates in the proposed budget amendments are realistic and robust.

Adequacy of Reserves and Balances

The proposed amendments seek to amend the reserves and balances of the Council. As reported in the main S25 opinion the Council has a robust reserve policy and maintains both general and earmarked reserves to manage risk and investment. The proposed amendments do not seek to change the councils reserve policy.

A number of the amendments seek to release reserves, in different ways and profiles to support the revenue budget for the Council for 2022/23 and into the medium term. The proposed release of reserves will reduce reserves and balances over the life of the MTFs, however the council will still have significant reserves and balances to manage its risks over the short, medium and longer term.

As noted in the main S25 opinion a single year settlement from Government presents the Council with a range of challenges as it plans for the medium and

longer term. If as predicted by Government the settlement for 2023/24 covers at least two years this will help bring clarity to future medium term plans.

The S151 officer is satisfied that if the budget assumes a consumption of reserves and balances over the life of the MTFS as outlined in the proposed amendments, the Council will continue to have adequate reserves and balances, albeit at a slightly lower level.