

Wiltshire Council

Overview and Scrutiny Management Committee

8 February 2022

Meeting of the Overview and Scrutiny Management Committee Report on Proposed Amendments for the 2022/23 Budget

Purpose of report

1. To report to the Overview and Scrutiny Management Committee the proposed amendments from Cllr Ian Thorn and Cllr Gavin Grant to the budget recommended to Cabinet on 1 February 2022 for the committee to appraise and raise any comments to Full Council.

Background

2. This meeting of the Overview and Scrutiny Management Committee provides an opportunity for non-executive councillors to question Cllr Ian Thorn and Cllr Gavin Grant, on the proposed amendments before the budget is considered by Full Council on 15 February 2022.

Proposed Budget Amendment from Cllr Ian Thorn and Cllr Gavin Grant

3. The proposal is to increase the Area Board Capital Grants to the previous level of funding of £0.800m prior to the re-allocation of £0.400m to Local Highways and Footpath Improvement Groups (LHFIG), an increase of the budget of £0.400m. It is proposed that this increase in the Capital Programme is funded by borrowing.
4. There is a revenue impact of undertaking additional borrowing to fund an increase in the Capital Programme, made up of interest and Minimum Revenue Provision (MRP). This impact will not affect the 2022/23 budget as any borrowing is assumed to be undertaken at the end of the financial year and therefore no interest cost is assumed and the MRP is charged the year following the expenditure.
5. The revenue impact of this proposal is £0.020m every year from 2023/24 and will have the impact of increasing the draw from the Budget Equalisation Reserve in 2023/24 to £9.122m and increase the budget gap in 2024/25.

S.151 Officer Comments

6. The proposal has been costed and this has been included in the figures above. This identifies that the amendment balances and therefore does not impact on the 2022/23 net base budget proposed in the original paper to Cabinet and in doing so meets the financial test for an amendment to the budget to be considered by Full Council.

7. However, the amendment does increase the financial pressure facing the Council in future years. The increased use of the Budget Equalisation Reserve in 2023/24 will fund the borrowing for one year, but this is a one off, and the proposal does not put forward compensating future savings to offset the increase cost as a result of having to finance the increased borrowing.
8. Ultimately further savings to the value of £0.020m will be needed to be found from 2024/25, on top of the existing £10.705m budget gap the Council estimates in year 3 of the MTFS.
9. There are tables in Appendix 1 – MTFS of the budget report that will be amended if the amendment is approved.
10. In considering whether to vote for this amendment Members need to be fully cognisant of the risks of reducing earmarked reserves. The Budget Equalisation Reserve is held as a risk reserve to ensure the Council can deal with financial shocks and balance its budget. Any reduction in the level of the reserves held against risk, other than that which has been set out as their intended purpose, reduces the Councils ability to draw on reserves to meet that demand and volatility in future.

Monitoring Officer Comments

11. As Monitoring Officer, I can confirm that having considered the proposal in advance and in consultation with the Section 151 Officer, I can confirm that bearing in mind the set of decisions that Council will be asked to consider in setting the budget for 2022/23, including the net budget requirement and the level of Council Tax, there is nothing in the proposals, as drafted, that could impact adversely on the Cabinet's budget recommendations. Clearly questions of policy are a matter for Members, but I can also confirm, that there is no legal reason that would prevent the amendment being implemented, were it agreed.

Head of Paid Service Comments

12. As Head of Paid Service, I can confirm that officers have provided independent advice. We are aware of the full details of the amendments, and they are policy amendments in nature.

Conclusion

13. Overview and Scrutiny Management Committee are asked to consider the proposed amendments to the financial plan 2022/23 and inform Full Council on 15 February 2022.