

## **Wiltshire Council**

### **Overview and Scrutiny Management Committee**

**9 February 2021**

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#### **Meeting of the Overview and Scrutiny Management Committee Report on Proposed Amendments for the 2021/22 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 2 February 2021 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 23 February 2021.
3. The Member proposal is for three separate amendments to the proposed Cabinet budget, as set out as follows:
  - A. To reduce the Adult Social Care levy from 3% in 2021/22 to 2% in 2021/22 and to apply a 1% levy in 2022/23. The loss of funding is approximately £2.841m in 2021/22. The £2.841m shortfall is to be met from a draw of funds from the Latent Demand Reserve.
  - B. To increase the Hardship Fund from £0.300m to £1.000m in 2021/22. The pressure is £0.700m. That pressure to be made up by an additional draw of funds from the Collection Fund Volatility Reserve.
  - C. To ring-fence any in-year favourable variance that arises against the £1m reduction of section 31 grants attributed to Business Rate reliefs in the budget report (paragraph 64 & 65) and that variance be transferred to an earmarked reserve specifically to support businesses that are in financial distress by way of discretionary reliefs or discretionary grants.

4. The above proposals have the following impact on the 2021/22 financial year:

<b>Proposal</b>	<b>Impact £m</b>
a. Reduction in Adult Social Care Precept	2.841
b. Increase Hardship Fund	0.700
<b>Total pressure of proposals</b>	<b>3.541</b>
a. Draw from the Latent Demand Reserve	(2.841)
b. Draw from Collection Fund Volatility Reserve	(0.700)
<b>Total draw from Earmarked Reserves</b>	<b>(3.541)</b>

5. The proposals have the effect of reducing the amount set aside in Earmarked Reserves as shown in the above table. Excluding Dedicated Schools Grant balances this would reduce the balance of Earmarked Reserves from an estimated £32.332m to £28.791m.

### **S.151 Officer Comments**

6. From a purely financial and legal perspective the proposed budget amendments put forward are sound. The proposals have been costed and these have been included in the figures above. This identifies that the proposals balance and therefore do not impact on the net base budget proposed in the original paper to Cabinet.
7. However, the first two amendments are reliant on a further draw from earmarked reserves which have been created during the 2020/21 financial year to mitigate future risk and deal with the potential, and as yet, unknown quantity of latent demand as well as the expected deficit and future volatility on the collection of council tax and business rates.
8. Amendment A will reduce the level of reserve held for latent demand by £2.841m to a revised balance of £2.117m. Amendment B will reduce the level of reserve held to meet the deficit on the collection fund, as well as future volatility, by £0.700m to a revised balance, after allowing for the estimated deficit, of £1.134m.
9. In total an additional £3.541m will be drawn from earmarked reserves in 2021/22 to ensure a balanced budget. This lowers the total reserves held against assessed financial risk, as reported in paragraph 122 of the budget report, to £18.207m and reduces the cover from 96% to 80%.
10. In considering whether to vote for these amendments Members need to be fully cognisant of the risks of reducing earmarked reserves. Any reduction in the level of these reserves, 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.

11. Therefore, in my opinion the first two amendments will reduce the level of earmarked reserves held and consequently increases the risk to the Councils overall financial resilience.

### **Monitoring Officer Comments**

12. The proposals do not impact adversely on the statutory duties of the Section 151 Officer, or any of the other statutory requirements set out in the Cabinet report at paragraph 196.

### **Head of Paid Service Comments**

13. As Head of Paid Service, I can confirm that officers have provided independent advice.
14. We are aware of the full details of the amendments as set out and consider the proposals are viable, and do not impact adversely on the cabinet's budget recommendations as they would not change the net budget requirement, the level of Council Tax.

### **Conclusion**

15. Overview and Scrutiny Management Committee are asked to consider the proposed amendments to the financial plan 2021/22 and inform Full Council on 23 February 2021.

