

STATEMENT ON GENERAL FUND BUDGET STRATEGY
BY THE CHIEF FINANCIAL OFFICER
UNDER S.25 LOCAL GOVERNMENT ACT 2003

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for "the proper administration of their financial affairs' and appoint a CFO to have responsibility for those affairs. The CFO must exercise a professional responsibility to intervene in spending plans in order to maintain the balance of resources so that the authority remains in sound financial health.

Section 25 of the Local Government Act 2003 imposes a duty on the Chief Financial Officer (CFO) to report formally to Council on the following matters:-

- the robustness of the estimates made for the purpose of the calculations (to set the Council Tax), and
- the adequacy of the proposed financial reserves.

These specific matters are dealt with below but it is important to set the whole of the 2014/15 budget process in the context of the exceptional financial circumstances in which Local Government finds itself.

Since the start of the current CSR period, the Council has made significant savings totalling £57M. For the 2014/15 financial year the budget shortfall as published in this report is £14.4M rising by a further £54.7M over 2015/16 and 2016/17 and therefore presents a significant and ongoing challenge to the Authority.

Given the continuing fragility of the economic environment and the scale of expenditure reductions required year on year, there will inevitably be significant risks involved in delivering a balanced budget. Whilst considerable pressure exists on the Council's budget because of the severely reduced level of resources available for Local Authorities in the future, further advanced forward planning to deliver the budget savings required in the medium term is in preparation and is absolutely essential.

Whilst therefore the basic methodology for putting the budget together at the Council has not changed, it must be recognised that the scale of the changes and some of the measures being introduced do increase the risk built into the budget for 2014/15 and beyond.

The level of one off funding already included in the 'base position' totals almost £6.9M, (as set out in paragraph 71 of the main report), and is effectively contributing approximately a third of the savings required to close the gap and balance the budget position in 2014/15. This is clearly not a sustainable position. The Council's reserves are almost at the minimum level recommended by the CFO and given the ever tightening financial position, the increasing pressures on spend (in particular in social care) and the significant savings to be made in future years, it is difficult to foresee that significant sums of one-off funding will be available in future years to support the budget position.

In addition, there are significant budget shortfalls in future years as set out in Appendix 10. Therefore, Members must not lose sight of the need to ensure that work is ongoing to develop sustainable savings proposals for future years and must be mindful of the

need to carefully consider the extent to which one off funding is utilised in order to deliver a balanced budget in any one year.

There are a number of specific risks, some of which were new from 2013/14, which should be noted which either are or could adversely impact on the Authorities financial position:

- i) **Council Tax Freeze Grant** – The government has announced a Council Tax freeze grant for 2014/15 and 2015/16, which will fund the equivalent of the difference between a zero percent and a 1.0% council tax increase. The grant receivable will represent additional funding equivalent to increasing Council Tax by 1.0%, which for Southampton City Council is approximately £0.8M. However, based on the level of grant payable in 2014/15 and 2015/16 if the decision was taken to freeze Council Tax and accept the grant this would increase the current budget gap in each of these years by £0.6M due to the difference between the Council Tax income that has been assumed and the level of funding being offered by the Government. This increase in the forecast gap would grow to £1.5M in 2016/17 when the grant is assumed to transfer into base funding if from that point a 2.0% increase were reverted to. The CFO's advice is that it would not be in the Council's long term financial interest to accept the freeze grant provided the referendum limits are not reduced below 2%.

However, if the referendum limits were to be reduced as indicated by the "mood music" then this advice may change, as the scope to achieve additional Council Tax income through setting Council Tax at a lower threshold level when compared with accepting the freeze grant may be minimal. The Executive's budget proposal does not currently include acceptance of this grant, but as set out in paragraphs 97 and 98 of the report, this may change depending on the final announcement of the referendum limit.

The Government's delay in not announcing the Referendum Limit as part of the Provisional Local Government Settlement has not been helpful, as it has left Councils in an unclear position as they seek to set their budgets and Council Tax.

- ii) **Council Tax Referendum** – The current Council Tax referendum limit for Council Tax increases is set at 2.0%, which is a limiting factor in being able to raise Council Tax income in 2014/15 and future years. The Executive could propose an increase greater than 2% and trigger a referendum, but their current budget proposal recommends a Council Tax increase of 2.0% and does not therefore trigger a referendum. However, whilst there would be merit in seeking to generate additional funding through increasing Council Tax by a level which breaches the 2% referendum threshold given the Council's financial position, the difficulties of achieving a successful referendum outcome are recognised.
- iii) **Local Government Settlement** – The previous Comprehensive Spending Review (CSR) was for the 4 year period 2011/12 to 2014/15 and in January 2014 the settlement set out funding for Local Government for the final two year period of the CSR; (2013/14 and 2014/15), although this was only provisional for 2014/15. The settlement reflected the changes resulting from the Local Government Resource Review into the way that Local Government is financed.

The Chancellor of the Exchequer published the Coalition Government's Spending Round 2013 (CSR 13) on 26 June 2013, setting out their public expenditure plans for 2015/16. The Autumn Statement made by the Chancellor early in December 2013 contained a number of key announcements and whilst the impact on the Council's forecast medium term financial position appeared to be limited over and above that set out in CSR 13, experience has shown that the devil is in the detail. The provisional Local Government Settlement was received on 18 December 2013 and provided clarity on the financial impact for 2014/15. The Department for Communities and Local Government (DCLG) also announced an illustrative settlement for 2015/16. Whilst the settlement announcement gives a degree of certainty with regard to Revenue Support Grant and other key grants, the fact that a significant source of Local Government funding under the new funding model from April 2013 is via a system of locally retained business rate income, introduces significant new risks.

- iv) **Business Rate Retention (BRR) Scheme** – The BRR Scheme was introduced in April 2013 and represented a major change in the way in which local government is funded. It is seen by the government as providing a direct link between business rates growth and the amount of money local authorities have available to spend on local services. However, the reality is more complex and the new system introduces a high level of risk into the financial position for local authorities without the level of control the government suggests is possible. The new BRR Scheme means that the Council's income is now subject to significantly greater volatility. Previously the funding from business rates was by way of a fixed annual government grant but it is now dependent on our ability to collect, retain and grow business rate income, and in part this depends on the local economic situation and also the level of outstanding appeals. It should be therefore be noted that the new system introduces significant new risks which the Council will need to be aware of:

The Authority is required to estimate the likely level of business rates to be retained, and this income level is then built into the Authority's budget. If the actual income collected is less than the amount included in the budget, then, all other things being equal, this will have a direct negative impact on the Council's financial position.

Estimating business rate income is complex, as there are many factors which can significantly affect the overall figure, including entitlement to reliefs and properties coming on to, or being taken off the rating list.

The biggest uncertainty however concerns revaluations arising from appeals against the Valuation Office (VO) determinations. These are very common and can lead to large refunds being backdated several years, with some appeals in the system dating back to the 2005 rating list. Prior to April 2013, the risk of appeals was met in full by central government, whereas since that date the council is responsible for the cost of 49% of all successful appeals, including those appeals which pre-date the introduction of the new system, and for which the Council has not received any additional funding. There has been much lobbying to date on the unfairness of this position by the sector to Government, but to date to no avail. It should also be recognised that two major components of the Business Rates system remain outside the control of the Council, even though each element has a direct impact on the Council's funding under the new system. The first is that the VO remain responsible for setting the rateable

value, and secondly that the VO are responsible for settling appeals, the outcome of which directly impacts the Council. The Council's income under the new system has been significantly affected by the impact of successful appeals as set out in the main budget report, and this remains a significant ongoing risk.

The Authority's estimate of the level of Business Rates to be retained can be impacted by economic growth. If the economy grows within the City, then it is likely to have a positive impact, conversely, every time a business closes, that will represent a real reduction in income to the Authority, and there are examples which illustrate this risk, for example Comet, Jessops and Ford.

These are new and significant risks to the Council.

- v) **Localisation of Council Tax Benefit** – The move away from a nationally prescribed scheme for calculating council tax benefit, and the introduction of a local scheme adds further risk to the budget position. The risks are follows:
- a) that a shift in demographics or economic conditions will cause an increase in demand for benefit which cannot be contained within the reduced budget provision available, and
 - b) that with Council Tax benefit being paid direct to recipients there will be an increase in council tax arrears due to non payment.

The Council has sought to limit its exposure to these risks through careful consideration of the scheme design, and through working closely with its partner Capita. However, there remains a risk of increased non collection and also the risk that the number of claimants will increase.

- vi) **CSR 15** –The next CSR period starts in 2015 and is likely to contain another round of significant cuts to Local Authority funding. Various professional bodies and associations quote the potential loss of grant funding between 25% and 40%. The exact timings of these further reductions are unknown at present. The potential impact of this for Southampton will form part of the thinking necessary around the sustainable changes which will need to be made in the next few years to ensure the long term viability of service provision.

For planning purposes, provision has been made within the current medium term forecast for reduced government grant with an assumption that there will be a further reduction in central government grant of 12% in 2016/17. This reflects a continuation of the deficit reduction programme as announced by the Chancellor in the Autumn Statement and reiterated since. There is a risk that the actual reductions in government grant will be in excess of 12% for 2016/17.

- vii) **Impact of Welfare Reform** –The Welfare Reform changes will affect residents of Southampton and may increase demand for services provided by the Housing, Adult Care and Support and Children Schools and Families services. Whilst it is impossible to calculate these impacts, the overall budget does include some funding specifically aimed at supporting the most vulnerable who are impacted by these reforms:
- a) **Social Fund** – A sum of £644,700 has been included in the 2014/15 budget which can be awarded on a discretionary basis to the most vulnerable individuals who are in real financial difficulty. This funding is no longer available from 2015/16 and it has been assumed that the work which is ongoing to achieve a sustainable scheme will be successful.

- b) **Council Tax Reduction Scheme** – A sum of £200,000 has been set aside as part of the scheme agreed by Full Council in the form of a discretionary Hardship Fund.
- c) **Universal Credit** – The timescale for the introduction of Universal Credit continues to slip but once this is implemented it will present a number of risks to the Council both in terms of demand for services and collection of income across a range of areas.

However, there remains an unquantifiable risk that an increase demand for services would impact on the Council's financial position, as no specific additional funding has been built into service budgets to account for any impact arising from the Welfare Reform changes.

- viii) **Public Health Growth** –Public Health responsibilities moved to the Council from April 2013 and at this stage it has been assumed that the associated funding for 2014/15 will meet the cost of providing the transferred service and therefore will not have any adverse impact on the Council's total net revenue budget requirement. Whilst unlikely, any shortfall arising will need to be addressed during the financial year as a matter of urgency and in future years there is a risk that growth in demand may place a financial pressure on the Council.
- ix) **Academy Schools Transfer (Education Services Grant)** – The Education Services Grant (ESG – formerly known as Local Authority Central Spend Equivalent Grant - LACSEG) is currently paid to Academies to cover the cost of services that local authorities provide centrally to its own schools. These services include improving school attendance, financial support and asset management amongst others. This new grant has been allocated between the Council and Academies based largely on pupil numbers and will be reviewed on a quarterly basis. This has introduced an additional element of volatility and risk as schools transfer to Academy status and this will be exacerbated if the Council is not able to reduce its costs in line with reductions in funding.
- x) **Interest Rate Risk** – The global financial position coupled with the current unresolved financial crisis in the Eurozone means that there is a considerable amount of interest rate risk within the overall financial system. The current position of securing low interest rate variable debt is providing a positive benefit to the General Fund budget, with borrowing costs significantly lower than they otherwise would have been through borrowing longer term through higher rate fixed term loans.

There are specific measures within the budget to provide a way of managing the risks presented by the current borrowing strategy, namely through the establishment of the Interest Equalisation Reserve. It should be noted however that the IER would only be sufficient to provide for transitional funding at the point at which the Council begins to convert from variable rate debt to long term fixed rate debt and that there remains no recurring budget provision to fund the increased interest costs likely to be incurred. The likelihood however, is that based on the current economic conditions, interest rates are likely to stay lower for longer and also the margin between short term variable debt and long term rates is not anticipated to narrow to any significant extent. It is likely therefore that the impact of converting to fixed rate long term debt will materialise towards

the end of the current medium term budget horizon, providing the Council with time to manage this potential issue in future budget rounds.

- xi) **Demographic Change and increased Demand** – There remains an upward demographic pressure in social care via an increasing elderly population, and demand continues to grow for expensive interventions within Children’s Services. There are specific measures within the proposed budget for 2014/15 through the inclusion of significant sums within the Risk Fund to manage these budget pressures. Furthermore, sums have been allocated to add to service budgets in 2014/15 as known pressures. Significant transformation work is also underway within the People’s Directorate, aimed at improving early intervention so as to reduce demand for the more expensive interventions.
- xii) **Economic Conditions** – The national and international economic conditions remain challenging. The UK has been through a sustained recession, and whilst the position is improving, the indications are that economic conditions will remain fragile for some time. At the local level, the recession has impacted on the Council’s income streams across a range of services, and it is likely that income will continue to be impacted in 2014/15 with the added risk of the impact on business rates which is now borne by the Council.
- xiii) **Redundancy Provision** – Forecast future redundancy payments are based on information gathered during the previous budget process. We anticipate that we have set aside sufficient provision in the Organisational Development Reserve to finance the required one-off payments over the next three years. However the actual impact is only known when specific details come forward and changes in the overall level of savings required will influence the resulting level of redundancies in future years.
- xiv) **Transformational Change** – There is a considerable amount of transformational change that will need to occur at the same time as maintaining “business as usual” as the Council addresses the sustainable changes demanded in the next few years to ensure the long term viability of service provision. There is always a degree of risk associated with major change and due to the reduced resources at a senior managerial level there is a growing capacity issue which may impact on the ability to manage and support the wide ranging changes required whilst maintaining financial control and good governance of the Council.
- xv) **Equal Pay** – The Council has received a number of Equal Pay claims. There remains the risk that further claims could be received. However, the Council is seeking to minimise its risk through the implementation of a new pay and allowances framework.
- xvi) **Budget Shortfall 2015/16 Onwards** – The impact of much of the above, is that the Council faces a significant budget shortfall from 2015/16 onwards. The level of forecast savings required in 2015/16 alone are more than twice the level of the savings proposed for 2014/15. This represents a significant risk to the overall financial position of the Authority in both the short to medium term, and the Council’s Management Team (CMT) recognise that significant action is required in the immediate future to provide options for Members to enable them to put in place plans to deliver the scale of spending reductions required to meet the forecast future budget shortfall. Inevitably though, the scale of reductions

required will have a significant impact on the level of services which the Council can continue to sustain.

The Council is required to have regard to this report in approving the budget and Council Tax. It is appropriate for this report to go first to Cabinet and then to be made available to the Council in making its final decision.

Notwithstanding the above, as required under Section 25 of the Local Government Act 2003 I would make the following formal comments on the Robustness of the Estimates and the Adequacy of Reserves:

A) ROBUSTNESS OF ESTIMATES

Budget setting is made up of several estimates some involving quite complex forecasting. By the very definition of the word, estimates are not factual and the degree of accuracy will not only vary but also take different periods of time to be proven to be correct or otherwise.

During the summer of 2013 the Executive, supported by CMT, developed a series of detailed budget proposals which were subsequently published in November. Whilst some figures have changed and proposals have been amended these have been validated by CMT prior to their inclusion in the final proposed budget. There is therefore a high degree of validation inherent within the final budget proposals.

Key elements within the budget are provisions for inflation on pay and prices, projected levels of income and achievability of savings. Details of these items are included in the reports and have already been through the validation process as set out above. However, there are a number of points to draw out:

- i) Assumptions made in all of the forecasts are basically sound. A 1% pay award has been incorporated into the budget for 2014/15 and 2% for 2015/16 onwards, reflecting the announcement made by the Chancellor in his Autumn Statement to “set public sector pay awards at an average of 1% for each of the two years after the current pay freeze comes to an end”. Employer contributions to the Hampshire Local Government Pension for current service costs will remain at their current level of 13.1% for the three year period, 2014/15 to 2016/17, following the actuarial review. The contribution for past service will increase by a known amount each year thereby giving certainty about this cost. Contributions from April 2017 will be reviewed as part of the next actuarial review and the impact will be built into future forecasts.
- ii) The scale of the reductions in local government funding has meant that the Council has been forced to look at radical options for reducing expenditure across services. Proposals which involve significant change to current structures, systems and processes, or which have major implications for service design inherently involve higher levels of risk than those which broadly maintain current arrangements. At the most practical level those risks begin with the possibility of slippage and disruption in the transition from old to new arrangements.

The Executives recommendations for efficiencies, income generation and service reductions now total £14.5M.

Individual savings items have been approved by the relevant Directors and Heads of Service and have been subject to scrutiny by CMT. Responsibility for actioning any changes in the budgets will fall to me as CFO, and all savings approved will be actively monitored throughout the year although responsibility for the delivery of these savings rests with the relevant Director.

- iii) The Council's external auditor gave an unqualified opinion on the 2012/13 financial statements and an unqualified conclusion on the Council's arrangements for securing value for money.

The Council has maintained a robust system of budget monitoring and control evidenced by the small unplanned variances from budget on final outturn in recent years. Where over spends or under spends have arisen, potential variances have been identified early enough to enable corrective action to have effect.

The CFO considers that the financial control arrangements remain sufficiently robust to maintain adequate and effective control of the budget in 2014/15.

- iv) The current recommendation by the Cabinet retains a general contingency of £250,000 together with a risk based contingency sum of £4.4M within the Risk Fund, which should cover any estimation issues or activity changes that arise during the year.
- v) The current economic climate and national issues surrounding social care and the safeguarding of children have impacted on the budget. Additional provision to cover all of these issues has been included within the final budget proposals and will be the subject of detailed monitoring throughout the year.
- vi) A prudent but realistic view of interest rates has been taken in constructing estimates for interest charges in 2014/15 budget. Whilst these estimates are considered to be adequate at this point in time the considerable turbulence within the financial markets may lead to further consideration. Interest rate trends and capital financing operations will be monitored closely throughout the year to facilitate timely action designed to optimise the Authority's position.

B) ADEQUACY OF PROPOSED FINANCIAL RESERVES

Risk Mitigation – Mindful of the overall risks within the budget, some of which are specifically highlighted in points i) to xvi) at the start of this report, (of which some are not quantified nor have any specific offsetting financial provision within the budget), The CFO has reviewed the minimum level of the Council's General Fund reserves/balances.

The current recommended minimum General Fund reserves/balances is £5.5M, following an increase from £5.0M as recommended and approved last year. This increase was recommended in no small part due to the significant new risks

presented by the introduction of the new BRR Scheme and the new localised Council Tax Benefit Reduction scheme.

In reviewing the minimum level of reserves for 2014/15 the CFO has been cognisant of this together with the continuing reduction in Local Government funding and the consequent significant budget shortfalls the Council still faces in the medium term. Whilst given the financial risks the Council faces in the next few years there would be a sound argument for increasing the minimum reserves level even further, conversely the ability to do so is constrained by the fact that the Council faces a significant budget shortfall which limits the Council's ability to set aside further sums to increase reserves. For that reason, the CFO is not recommending a further increase in the minimum level of reserves at this stage, but would recommend increasing the minimum level of reserves further should the financial position allow. However, in light of experience during 2013/14, whilst provision for the BRR Scheme has been made within balances it is planned to review how best to manage the risk that this now presents to the Authority. Consideration will be given to the use of a Business Rate & Revenue Equalisation Reserve as part of the development of the Medium Term Strategy for future years which could help to manage the impact of economic shocks and unanticipated decisions in respect of appeals, refunds and the composition of the rating list.

It is worth highlighting that the Council has an excellent track record of remaining within budget once it has been set, and has never been in the position of reporting an overall over spend on the General Fund despite some very difficult recent years in respect of reducing income and escalating social care costs in both children and adult services. This is clearly demonstrated by the position set out in the main report for the revised budget for 2013/14 which is a favourable movement of £3.0M,

Issues which it is appropriate to draw specifically to the attention of Cabinet and Council are detailed below:

- i) The Council holds a number of specific reserves for issues like debt write off that are assessed on an ongoing basis against the specific issues to which they relate. Review of these provisions forms part of the budget preparations covered above.
- ii) The general reserves are used to support revenue, capital and strategic pressures and to provide a working balance.

Details of the use of general reserves are included in the report. The level of reserves and the projected use is forecast for three years. The minimum level of balances is recommended by the CFO taking into account issues like the proposed draw from reserves, the level of risk contained within the budget, and previous experience on potential levels of net over spend, but also takes account of the practicalities of being able to increase minimum reserves at a time when the Council is faced with having to find significant savings, far greater than at any other time, simply to balance the budget position.

Best practice guidance issued by CIPFA is followed in determining a level of reserves based on assessed risks, which are reviewed annually. Based on the current assessment of the overall financial position, the CFO has recommended that the minimum level of balances should be maintained at £5.5M, albeit that should the Authority find itself in a position where it could realistically identify

additional resources to fund an increase in the minimum level of reserves, then the CFO's advice is that it would be prudent to do so. There is no legal definition or Audit Commission recommendation on the absolute level of reserves that any authority should hold but the risk based approach does provide a consistent, transparent methodology that can be updated periodically.

- iii) Attention is drawn to the level and use of capital resources in the General Fund Capital Programme report. Whilst this identifies the overall Capital Programme is fully funded this is based on a revised estimate of capital receipts. The level of capital receipts is volatile and therefore while the funding deficit is now closed from the level reported previously this remains an area to monitor as the deficit is based on estimated forecast receipts rather than receipts received.

Slippage in capital receipts could change the forecast of temporary borrowing that is required unless accompanied by equivalent slippage in spend. Non-receipt of any planned income will require a permanent draw from balances, additional borrowing or for savings to be found in the capital programme. In drawing up the capital programme these risk factors are obviously taken into account but as a backstop position these potential shortfalls will continue to be reviewed over the longer term and where possible, be reduced by re-phasing schemes or bringing forward the use of prudential borrowing.

The Council also has key strategic property and land sites which it has been holding until market conditions improve. These have been reviewed to ensure that those held are truly strategic and as a result sites have been identified for sale which has in part served to reduce the forecast capital deficit. The categorisation and potential for sale of sites will continue to be actively monitored and sites held by the Council which are not operational provide a further source of contingency to reduce the risks outlined in the above paragraphs.

- iv) Levels of borrowing and debt and associated treasury risks are fully covered in the Treasury Management Strategy and Prudential Indicators report which appears on the Council agenda. In recognition of the risk associated with the current strategy the Council is maintaining an Interest Equalisation Reserve, and as part of setting the 2014/15 budget the CFO has recommended that the level of this reserve should be maintained at £3.1M, which the CFO considers to be the prudent minimum at this time based on the current borrowing strategy. However, the Reserve will be subject to ongoing review, not least of which will be to review the new risks which are now in the system as a result of the new banking regulations. This means that UK banks are less likely to receive government support in future should they find themselves in financial difficulties, and instead will have to resort to 'Bail In', whereby individual investors (be they individuals or institutions) would be expected to fund any shortfall via a 'hair cut' i.e. a reduction to the sums they hold on deposit for which there will be no protection for institutions. It may therefore transpire that the use of this Reserve may be altered such that it would need to cover both interest rate risk and also 'Bail In' risk.

Section 25 concentrates primarily on the uncertainty within the budget year rather than the greater uncertainties in future years. However future uncertainties also inform the need for reserves and balances in the medium term. The current financial

position involving significant savings targets increases the risk of over spending, together with demand led spending pressures during a recession and potentially higher inflation than assumed. Funding beyond 2015/16 is uncertain as this will signal the start of a new CSR and therefore budget plans for 2016/17 and beyond must be treated with caution at this stage.

This formal report is part of a continuum of professional advice and is the culmination of a budget process in which lots of detailed work has already taken place with Directors, Senior Managers and their teams and Members.

The CFO considers that the budget proposals recommended by the Cabinet for 2014/15 are robust and sustainable. However, there are risks associated with the achievement of efficiencies and service reductions and robust monitoring arrangements must continue to ensure savings are delivered within the required timescale. The level of general and specific reserves together with the contingency sum of £250,000 and the provisions held within the Risk Fund are sufficient to meet the known risks within the budget, taking account of the robust financial management framework which the Council has in place. Overall therefore, whilst it is recognised that this budget has elements of risk not experienced before, it is felt that sufficient mitigating actions are already in place to accept and to manage those risks in 2014/15.

However, the CFO, remains very concerned about the Authority's medium term position, with circa £33M of savings to be found by 2015/16. This concern is heightened as reserves are close to the recommended minimum level meaning that short term options to shore up the budget through a draw on balances (even though not ideal), to buy time to put in place sustainable transformation and deliver sustainable savings alongside reduced service provision, are not realistically available. Therefore, Members must not lose sight of the need to ensure that work is ongoing to develop sustainable savings proposals for future years, mindful of the fact that available reserves to support the financial position are limited. That said, there is a balance to be struck, as Members must also be mindful of the need to carefully consider the extent to which one off funding is utilised in order to deliver a balanced budget in any one year, albeit that it may be prudent to do so if it buys time to bring sustainable savings and spending and service reductions on stream.