

RECOMMENDATION FROM STRATEGY AND RESOURCES COMMITTEE , 15 JULY 2025

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author:	Cagdas Canbolat
Wards affected:	(All Wards);
Appendices (attached):	None

Summary

This report seeks to increase the recommended minimum reserve balance of the general fund working balance reserve to £1,500,000.

Recommendation (s)

The Council is asked to:

- (1) Approve an amendment to the recommended minimum level of general fund working balance reserve as set out in section 2.8.**

1 Reason for Recommendation

- 1.1 To increase the agreed recommended minimum balance to be maintained of the general fund working balance reserve to £1,500,000 from the current agreed level of £1,000,000, to ensure the financial resilience of the Council.

2 Background

- 2.1 In May 2025 Full Council considered a report which sought approval for the Strategic Priorities for the council for 2025-2027 and the associated proposals to fund these priorities.
- 2.2 The report proposed a new reserve be created to fund these priorities with balances being transferred from both the corporate projects reserve and general fund working balance reserve. The report also considered the recommended minimum balance of both of these reserves.

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- 2.3 Under the Local Government Act 2003 section 25(1) (b), the Section 151 Officer (Chief Finance Officer) has a personal duty to advise the Council about the robustness of the budget and the adequacy of the Council's reserves when it considers its budget and council tax.
- 2.4 In the May report, the Section 151 Officer's assessment of Council's financial risks led to the conclusion that the general fund working balance reserve be amended down from £2.5 million to £1 million, and that the corporate projects reserve minimum balance be amended down from £1 million to £0.
- 2.5 The report also agreed a transfer of £1.2 million from the general fund working balance reserve, and a further £1.02 million from the corporate projects reserve to the new Strategic Priorities reserve.
- 2.6 The Council's outturn position at 31 March 2025 was a deficit against the budget of £242,000. This deficit has been funded by the general fund working balance reserve so that the remaining balance on this reserve, after funding the deficit on outturn, and after the transfer to the strategic priorities reserve, is £2.755 million.
- 2.7 On 19 May 2025 the Council's new Section 151 Officer joined, following the departure of the previous incumbent. In line with his statutory responsibilities, the new Section 151 Officer has undertaken a detailed financial analysis of the Council's budget position, including forecasts for the next three years, in line with the Spending Review period published by the government and reconsidered the minimum levels of reserves held by the Council, in light of the latest position and benchmarking against other Surrey districts.
- 2.8 The Section 151 Officer provided this information to Financial Strategy Advisory Group (FSAG) at its meeting on 27 June 2025 and recommended that the Council adopt a more prudent strategy of maintaining a minimum balance of general fund working balance reserve of £1.5 million, a £500,000 increase from the level agreed in May. The recommended minimum balance of the corporate projects reserve remained unchanged.
- 2.9 The rationale behind the proposed increase to the recommended minimum balance of the general fund working balance reserve is set out in the FSAG reports from the 27 June 2025 meeting.
- 2.10 The FSAG agreed to recommend this change to the Strategy and Resources Committee for consideration and onward recommendation to the Full Council. The Strategy and Resources Committee considered this matter at its meeting of 15 July 2025 and agreed to recommend the minimum level of general fund working balance reserve as set out in section 2.8 above to the Full Council.

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 None arising from the contents of this report.

3.2 Crime & Disorder

3.2.1 None arising from the contents of this report.

3.3 Safeguarding

3.3.1 None arising from the contents of this report.

3.4 Dependencies

3.4.1 None arising from the contents of this report.

3.5 Other

3.5.1 None arising from the contents of this report.

4 Financial Implications

4.1 The report recommends establishing a clear policy to ensure that the current working reserve balance does not fall below £1.5 million.

4.2 **Section 151 Officer's comments:** The financial implications are detailed within the main body of the report and further outlined in reports sent to FSAG and S&R.

5 Legal Implications

5.1 The provisions of section 25 of the Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance (s.151) Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves

5.2 Section FCR 14.2 of the Council's constitution states: Until at least two further ordinary meetings of Full Council have been held (being a period of no less than 6 months), no motion may be moved to rescind or alter any decision of the Full Council or a decision of a committee on a matter within its terms of reference, and no motion or amendment to the same effect as one which has been rejected by Full Council or a committee shall be moved unless, in either case:

ii. It is recommended by a committee,

iii. Notice of the motion has been given by at least seven councillors of the Council acting together.

5.3 The motion proposed within this report complies with the requirements of FCR 14.2 as it has been recommended by Strategy & Resources Committee at its meeting on 15 July 2025

5.4 **Legal Officer's comments:** The legal and procedural implications are detailed above.

6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council.

6.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

6.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.

6.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.

6.5 **Partnerships:** None arising from the contents of this report.

6.6 **Local Government Reorganisation Implications:** None arising from the contents of this report.

7 Background papers

7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- [2026/27 Strategic Financial Planning report to S&R Committee on 15 July 2025.](#)
- [2026/27 Strategic Financial Planning report to Financial Strategy Advisory Group on 27 June 2025.](#)
- [Review of Reserves to Financial Strategy Advisory Group on 27 June 2025.](#)

Other papers:

- [EEBC Strategic Priorities 2025-2027 report to Full Council on 6 May 2025.](#)