

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

03 September 2008

Report of the Management Team

Part 1- Public

Executive Non Key Decisions

1 OPTIONS TO ADDRESS THE BUDGET FUNDING GAP – PROGRESS REPORT

This report updates Members on the progress made to date with the evaluation of options to address the budget funding gap.

1.1 Introduction

- 1.1.1 Members are reminded of the report submitted to the April 2008 meeting of the Cabinet where, following the 2008/09 budget cycle and announcement of the government 3 year grant settlement, the need to reduce costs and/or generate additional income of circa £500,000 was considered.
- 1.1.2 In order to maintain the integrity of the Medium Term Financial Strategy, options to address the 'funding gap' must be found and implemented by the start of the 2009/10 financial year.
- 1.1.3 At the meeting of the Cabinet in April, Members identified a number of potential areas to address this funding gap and charged relevant Advisory Boards and Committees with considering the implications, and desirability, of these options.
- 1.1.4 This report brings together the work carried out so far by the Advisory Boards and Committees.

1.2 Progress

- 1.2.1 Attached at **[Annex 1]** is a summary of the potential options to reduce costs and/or generate additional income identified at the Cabinet meeting on 2 April 2008, together with appropriate recommendations from the relevant Advisory Boards and Committees.
- 1.2.2 Members will note that the most significant item on the list at **[Annex 1]** relates to Car Parking Charges. At its meeting on 18 June, Cabinet agreed that the recommendations arising from the Car Parking Charges Advisory Board should be brought forward with immediate effect, and Members are advised that the

requisite advertisements have been placed with the new charges due to be implemented by the end of September 2008. Members will note that the income anticipated as a result of these proposals (assuming no change in patterns of usage) is expected to be £355,000 in a full year.

1.2.3 Two other items mentioned in our report to Cabinet in April are also already in the course of implementation. These are:

- 1) Senior Management Restructure due to be implemented on 1 January 2009 making an annual revenue saving of £21,000; and
- 2) Replacement of our computer 'servers' as outlined to the meeting of the Customer Services Improvement Advisory Board in April this year which will take a year or so to complete. Annual revenue savings could be upward of £15,000.

1.2.4 As can be seen from **[Annex 1]**, there are still some 'options' that are still in progress. To date, the 'grand total' of the options to reduce costs and/or generate additional income **recommended** can be summarised as follows:

Options to Address Budget Funding Gap	£
Car Parking Charges (assuming no change in patterns of usage). Decision taken	355,000
Financial Arrangements with Parish Councils (year 1)	6,000
South East Regional Assembly	5,000
Total achieved so far from 'list' agreed at Cabinet on 2 April 2008	366,000
Add additional items identified:	
Senior Management Restructure	21,000
Replacement of computer servers (year 1)	7,500
Grand Total so far:	394,500

1.2.5 Whilst this is a good start, there is still some way to go if we are to hit the target of £500,000 before we begin the new financial year.

1.2.6 Members will appreciate, however, that things never stand still! Since setting our target, for example:

- There has been discussions and agreements made with the County Council regarding the 'financial risk cap' for concessionary fares (see report to Cabinet in June);
- We have received advance notification of a better than expected 'Housing and Planning Delivery Grant' provisional allocation which is to be confirmed later in the year;

- Utility costs have increased significantly and are predicted to remain at a high level for some time;
- Many of our income streams are 'suffering' due, in part, to the current 'credit crunch' and the economic climate, although the investment income is performing better than estimated; and
- RPI continues to run above inflation targets and this will mean that some of our contract prices, which are indexed to RPI, will increase at a faster rate than we have allowed in our MTFS.

1.2.7 The Director of Finance recommends that a wholesale update of the MTFS is undertaken to gauge the overall position and determine whether or not the target figure of £500,000 continues to be set at the right level.

1.2.8 The next meeting of the Cabinet is due to take place on 19 November when a holistic view can be taken, but in the meantime the Director of Finance intends to update Members at the next meeting of the Finance and Property Advisory Board on 1 October. This enables us to 'buy' as much time as possible to assess our own financial situation and prepare ourselves for the next budget cycle.

1.2.9 In the meantime, it is imperative that work already in progress is carried forward and further cost reductions and/or additional income are fed into the next meeting of Cabinet.

1.3 Legal Implications

1.3.1 The Local Government Act 2003 requires the Chief Financial Officer to report to an authority, when making the statutory calculations required to determine its council tax, on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

1.3.2 Members will recall that the Director of Finance certified, in her professional opinion, that the estimates are robust and the level of reserves adequate, but that this was predicated on the basis that savings of the required level of circa £0.5m will be found and implemented by the start of 2009/10.

1.4 Financial and Value for Money Considerations

1.4.1 As set out in this report.

1.5 Risk Assessment

1.5.1 We are committed to ensuring that the principles of our Medium Term Financial Strategy are delivered. If we are to maintain the integrity of our Medium Term Financial Strategy options to address the funding gap must be found and implemented by the start of the 2009/10 financial year.

1.6 Recommendations

- 1.6.1 Members are requested to consider the recommendations made from the relevant Advisory Boards and Committees and determine whether the options identified to reduce costs and/or generate additional income should be applied to the Council's budget.

Background papers:

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Nil

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For Management Team