

TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE and PROPERTY ADVISORY BOARD

07 January 2009

Report of the Director of Finance

Part 1- Public

Matters for Recommendation to Cabinet - Council Decision

1 REVENUE ESTIMATES 2009/10

The Council has a statutory duty to set the level of council tax for the forthcoming financial year by 11 March. Under the Budget and Policy Framework Rules of the Constitution, the Cabinet is responsible for formulating initial draft proposals in respect of the Budget. The role of this Advisory Board is to assist both the Cabinet and the Council in the preparation of the Budget within the context of the Medium Term Financial Strategy and the Council's overall Aims and Priorities.

1.1 Introduction

- 1.1.1 The Cabinet is responsible for formulating initial draft proposals in respect of the Budget. This report is intended as the basis for recommendations from this Board to the Cabinet.
- 1.1.2 The Advisory Board's proposals will be referred to the Policy Overview Committee for further consideration and advice. The Policy Overview Committee has a meeting on the 27 January in order to address this responsibility. A special meeting of the Cabinet is scheduled for the 3 February to consider the recommendations of this Board and the Policy Overview Committee and, in addition, take into account the Council's final grant settlement.
- 1.1.3 At that special meeting on the 3 February, the Cabinet will need to formulate its final proposals in respect of the Budget for 2009/10 and the council tax to be levied in respect of the Borough Council. The Full Council will meet on the 19 February to approve the Budget and set the Council Tax. The Full Council may adopt or amend the Cabinet's proposals.
- 1.1.4 The role of this Advisory Board is to consider in detail both the Revised Estimates for 2008/09 and the Estimates for 2009/10 within the context of the Medium Term Financial Strategy and the Council's overall Aims and Priorities.

1.2 Framework for consideration of the Estimates

Medium Term Financial Strategy

- 1.2.1 The Council's Medium Term Financial Strategy covers both capital and revenue budgets over a rolling six-year period, and it is this Strategy that underpins the budget setting process for the forthcoming year and over the six-year period. A Medium Term Financial Strategy that underpins the budget setting process affords the opportunity to take a measured and structured approach to budget issues rather than a "knee-jerk" reaction.
- 1.2.2 The Strategy sets out the high level financial objectives the Council wishes to fulfil over the agreed time span. This currently includes achieving a balanced revenue budget by 2012/13 that delivers the Council's corporate aims and priorities and to retain a minimum of £3.0m in the General Revenue Reserve by the end of the strategy period. The Strategy also sets out, based on current financial information, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans.
- 1.2.3 The aim of the Medium Term Financial Strategy is to give us a realistic and sustainable plan that **reflects the Council's priorities** and takes us into the future. Underneath the Strategy for the budget setting year sit detailed estimates formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures.
- 1.2.4 The Medium Term Financial Strategy is the Council's high level financial planning tool and will need to be updated and rolled forward one year as part of the 2009/10 budget setting process. It is probably worthwhile just reminding ourselves of the objectives currently set out in the Medium Term Financial Strategy.
- To achieve a balanced revenue budget by 2012/13 that delivers the Council's priorities by the end of the strategy period.
 - To retain a minimum of £3.0m in the General Revenue Reserve by the end of the strategy period.
 - Seek to balance the public's desire (as expressed in the 2003 council tax survey and since endorsed in the 2007 survey) not to see heavy council tax rises with the wish not to see services reduced.
 - Where possible, ensure that expenditure on expanding and improving services is accommodated by omissions and reductions from elsewhere within the Council's budget.
 - In respect of capital schemes coming forward for promotion to List A (the Capital Plan) give priority to those schemes that generate income or reduce costs.

- Develop a strategy so as to avoid, as far as possible, the threat of council tax capping by the Secretary of State.

Overall Aims and Priorities

- 1.2.5 The Council's Key Priorities and other Corporate Aims and Priorities are due to be considered and updated, where appropriate, early in the new calendar year. Members may recall that we adapted a Budget Prioritisation model developed by Ryedale District Council for our own purposes. The purpose of the Model was to provide a mechanism, which would enable us to demonstrate that our resources and the targeting of those resources fit in with the Council's overall aims and priorities.
- 1.2.6 The Model was recently refreshed and updated and the results of that exercise reported to the Cabinet meeting of 3 September. The results of this exercise showed that we continue to target our resources to reflect our priorities. In addition, the Model can be used to assist members with the reallocation of resources or the identification of efficiency savings if needed in the future.
- 1.2.7 As Members will fully appreciate, all services carry a level of priority. The purpose of this exercise is to enable us to demonstrate and ensure that we target our resources to reflect our priorities. Members will be aware that, in addition, the Council has also earmarked significant sums within reserves in order to strengthen further the revenue and capital expenditure targeted towards the Council's Key Priorities. For Members' information, the table below shows the total amounts allocated within the reserves over the medium term.

Key Priority	£
Street Scene	282,000
Youth	156,000
Crime and Disorder	185,000
Affordable Housing	90,000
Healthy Living	30,000
Tonbridge Town Centre	15,000
Total	758,000

1.3 Government Grant

- 1.3.1 The local government finance settlement for the three-year period 2008/09 to 2010/11 was announced on 24 January 2008 and debated in the House on 4 February 2008. The Council received a grant settlement of:
- £6,451,870 for 2008/09, an increase of 0.4% on that received in 2007/08 taking into account funding previously paid by way of specific grant which has now been subsumed within the settlement or £25,683 in cash terms.

- £6,484,129 for 2009/10, an increase of 0.5% on the previous year, or £32,259 in cash terms.
- £6,522,259 for 2010/11, an increase of 0.6% on the previous year, or £38,130 in cash terms.

1.3.2 The settlement figures for 2009/10 and 2010/11 notified to us on 24 January 2008, not surprisingly, have been restated in the provisional local government finance settlement announced on 26 November 2008. The announcement is again said to be the subject of consultation ending on 7 January, but is very unlikely to change.

1.3.3 This was a very poor local government finance settlement for the three-year period 2008/09 to 2010/11. It was set against a background where CPI was 2.1% (November 2007) and is currently running at 4.1% (November 2008). RPI which is used as the inflationary uplift for many of our major contracts is currently running at 3.0% (November 2008).

1.4 Overview

1.4.1 As reported to the 1 October meeting of this Advisory Board and to the Cabinet meeting of the 19 November:

- The general economic crisis has led to a very serious downturn in the Council's income in terms of fees and charges.
- The recent reductions in interest rates have meant that the Council will earn far less on its deposits than anticipated in previous versions of the Medium Term Financial Strategy.
- The recent increases in energy prices well above the prevailing rate of inflation will significantly increase energy costs at our leisure premises and Council offices.
- The revenue support grant we receive from the government is virtually negligible in the context of the size of the problem.

1.4.2 Taking the above into account, amongst other things, the financial difficulties faced by the Council are unprecedented. Members heard a presentation from the Leader at the last Full Council meeting setting out the background to our financial situation and I will not repeat all the issues again. Suffice it to say, as the Leader put it, we are venturing into 'unchartered territory'. Never before has this Council had to deal with this size and level of financial challenge ahead.

1.4.3 In preparation for this unprecedented budget round, the Cabinet has already made decisions that affect the Estimates before the Advisory Board:

- 1) The Capital Plan has been re-engineered so as to preserve our capital reserves as long as possible. There is a separate report elsewhere on this agenda dealing with the Capital Plan.
 - 2) A significant proportion of the recent award of Housing and Planning Delivery Grant has been allocated towards supporting the Medium Term Financial Strategy through this difficult time (total £1.25m).
 - 3) Decisions have been taken to abandon the annual budgets for section 136 special works grants to parish councils and to other organisations for the immediate future (other than where special circumstances can be demonstrated).
 - 4) Decisions have been taken following recommendations from the Scrutiny Committee that grants to many voluntary and charitable organisations are reduced or terminated on the grounds that these are unaffordable at the present time.
- 1.4.4 Even with all these measures in place, I estimate that there is still a need to save in the order of £1.5m over the period of the medium term.
- 1.4.5 In the face of this unprecedented situation the Management Team has been examining all of the Council's budgets to identify savings. A schedule of some of the savings identified and incorporated within the estimates for next year for Member's consideration and approval are given at **[Annex 1]** amounting to £672,850. Savings identified for further consideration not reflected within the estimates, but included in the Medium Term Financial Strategy are the cessation of plastics recycling, cessation of bulky waste collection and to reduce national non-domestic rate discretionary relief amounting to £209,150.
- 1.4.6 Members will note that the savings in **[Annex 1]** cover a wide range of activities and services within the Council. Many of the savings identified will mean that 'capacity' within the Council will be cut even further. Of the list at **[Annex 1]** £274,750 relates to capacity, although this is offset by a corporate initiative to create a central geographic information systems team relating to the maintenance of land and property data and the development of the use of spatial data. The lack of capacity to develop this area in the past is becoming an increasing barrier to efficient working and to the effective use of data at our disposal and the creation of this team, mainly from within existing posts within the Council, is now considered an essential area for improvement and to help offset the reducing capacity of the Council. A beneficial partnership arrangement with Tunbridge Wells Borough Council is also under discussion in order to utilise their expertise in this area.
- 1.4.7 Management Team are working hard to develop partnership arrangements with others in order to save as much as we can whilst continuing to deliver a service. The newly formed partnership with Gravesham Borough Council for the provision of a senior benefits investigator for two days a week is reflected within the

Estimates at a saving of £18,000. I am also working with Gravesham on another potential partnership whereby we share the costs of my Principal Revenue Officer – thereby delivering a saving to Tonbridge & Malling Borough Council. I am hopeful that these partnerships will open up opportunities for other areas of saving in due course, although Members do need to appreciate that these initiatives are depleting capacity even more.

1.4.8 In addition, the Director of Health and Housing has been negotiating with our service providers to obtain the best possible prices in the present market in respect of our recyclable waste. Whilst these are not listed in the Annex referred to above, the benefit of this additional income has been built into the Estimates before Members.

1.4.9 If all of the savings identified are approved, this would require further savings in the order of £400,000 to be identified over the period of the medium term. However, as Members will no doubt appreciate, things never standstill, and for this reason I will keep Members updated of the position as we move through the budget cycle.

1.5 Specific Issues

1.5.1 Forward estimates in respect of income from fees and charges assume “a return to a normal level” of activity with a ‘corporate adjustment’ reflected within the Medium Term Financial Strategy to reflect the current downturn in the Council’s income due to the economic climate.

1.5.2 Recommendations regarding Fees and Charges shown elsewhere on this agenda or to be reported to other Advisory Boards during this cycle of meetings are incorporated within the Estimates. Any changes required following consideration of Fees and Charges presented to this and other Advisory Boards will be incorporated before the Estimates are reported to Cabinet on 3 February.

1.5.3 The draft Estimates presented do not make any allowance at this point for the revenue implications of new capital schemes to the Capital Plan (paragraph 1.10.3 refers). At its meeting on 3 February, the Cabinet will need to give consideration to both the Revenue and Capital Estimates in the context of the Medium Term Financial Strategy and, where appropriate, recommend additions to the Capital Plan.

Corporate Services

1.5.4 The key issues are:

- 1) Forward estimates include provision for the April 2009 pay award. The forward estimates also incorporate a commitment to generate savings arising from staff turnover.

- 2) Revised estimate includes termination costs associated with the restructuring of senior management within Central Services.
- 3) Revised estimate reflects an increase in medical insurance costs following higher than expected claims during the first part of the financial year. The forward estimate reflects the cessation of the scheme from 1 April 2009.
- 4) Revised and forward estimates allow for a significant increase in energy costs.
- 5) The local land charges revised budgets reflect the downturn in the housing market.
- 6) The investment income forward estimate reflects reduction in interest rates following downturn in economic climate together with a draw down of core funds.

Environmental Health Services

1.5.5 The key issues are:

- 1) The refuse collection and recycling budgets have been reduced by £50,000 to reflect fewer ad-hoc work, fridge / freezer and bulky refuse collections.
- 2) The amenity street cleansing budget includes provision for growth in new properties.
- 3) Contract payments have been increased by 3.0% (November 2008 RPI).
- 4) The Council's recycling services at "bring" sites have been expanded to meet demand.
- 5) Continued growth in recycling, together with increases in prices, has resulted in a substantial increase in income.
- 6) Kent County Council has reviewed the income share arrangements in respect of the green waste collection service following the opening of the in-vessel composting unit at Blaise Farm in September 2008.

Housing Services

1.5.6 The key issues are:

- 1) The DWP is to reduce housing benefits and council tax benefits administration subsidy year on year for the three-year period 2008/09 to 2010/11.
- 2) The Home Improvement Agency was outsourced to In Touch from 4 August 2008.

- 3) Estimates reflect cost of the Kent Home choice scheme which is expected to start in April 2009 in this borough.

Leisure Services

1.5.7 The key issues are:

- 1) The contract payments for 2009/10 to the Leisure Services Business Unit have been increased by £318,600 of which £300,400 is to reflect the significant increases in energy prices.
- 2) Contract payments (other than the LSBU) have been increased by 3.0% (November 2008 RPI).
- 3) There has been a downturn in golf course usage due to poor weather conditions earlier in the year, which has been exacerbated by the current economic conditions.
- 4) The estimates reflect funding from the Big Lottery Fund Children's Play Initiative, part of which is to be used for additional Youth and Play Development resources.
- 5) The Council's leisure facilities were revalued in 2007/08 and consequently there has been a substantial increase in capital charges which are subsequently reversed 'below the line' and as such do not impact on the budget and, in turn, the council tax requirement.

Planning and Transportation Services

1.5.8 The key issues are:

- 1) There has been a fall in planning and building control applications due to the current economic conditions.
- 2) Shortfall in income has been partly offset by savings in salaries brought about by not filling vacant posts.
- 3) Planning application income has been reduced by a further £30,000 to reflect new permitted development regulations that may result in a slight fall in householder applications.
- 4) The Council continues to receive Housing & Planning Delivery Grant. A significant proportion of the recent award has been allocated towards supporting the Council's Medium Term Financial Strategy.
- 5) Car park charges were increased in September 2008 but there has been a decrease in usage, partly as a result of the current economic conditions and partly as result of other longer term changes in driver behaviour.

- 6) Reduction in Penalty Charge Notice income due to drivers exhibiting more respect for waiting restrictions and committing fewer contraventions.
- 7) Changes in accounting policy have reduced capital charges for car parks.

1.6 Leisure Services Business Unit

Overview

- 1) Estimates include provision for the April 2009 pay award and incremental advances to all staff not top of grade. However the overall increase in staff revenue estimate is just 0.2%.
- 2) The Council has entered a four year flexible procurement contract for supply of gas and electricity. It is hoped that significant increases in utilities, reflected in the revenue estimates and off set through the contract payments to the LSBU will be reduced through this procurement method. A modest allowance has been included in anticipation of a positive reconciliation.
- 3) The revenue estimates are inextricably linked to the scale of charges report to Leisure and Arts Advisory Board on 12 January 2009. The average uplift in the scale of charges across the LSBU is 3.7%.
- 4) Estimates include a grant of £38,500 from the BIG Lottery fund towards the GP Referral Scheme and staffing costs of other healthy living initiatives.
- 5) LSBU Central management costs are apportioned to reflect support at each facility.
- 6) In overall terms the LSBU revenue estimates show an anticipated surplus of £29,000 for 2009/10 following a savings exercise approved at Management Team and detailed below.
- 7) The revenue estimates take into account trading patterns and other market factors however no allowance is made for economic downturn.

Larkfield Leisure Centre

1.6.2 The key issues are:

- 1) Lifestyles income reflects the decision to hold current prices and introduce a number of price driven sales and retention initiatives and the proposed introduction of a Junior Excel brand.
- 2) Casual swimming income is increased to reflect a stable market and proposed scale of charges increase.

- 3) Gas and electricity estimates are increased by £165,800 compared to 2008/09 original estimate. This is off set in the contract sum which increases from a credit to a £132,100 payment to the LSBU.
- 4) Overall expenditure is increased by 1.0% compared to 2008/09 original estimate with all variable costs held or reduced where possible. Supplies and Services expenditure is down 3.0%. A saving of £4,000 is made in casual staff costs to reflect minor adjustments to opening hours.
- 5) Overall income projection is 0.7% higher than 2008/09 original estimate reflecting the scale of charges increases and trading patterns. An increase of £5,000 is included in course income to reflect the introduction of Sunday morning Swim School classes.
- 6) The overall projected deficit is £8,000 lower than the original 2008/09 estimate.

Angel Centre

1.6.3 The key issues are:

- 1) Lifestyles income reflects the decision to hold current prices and introduce a number of price driven sales and retention initiatives and the proposed introduction of a Junior Excel brand.
- 2) Gas and electricity estimates are increased by £24,400 compared to 2008/09 original estimate. This is off set in the contract sum which increases to a £141,550 payment to the LSBU.
- 3) Overall expenditure excluding utilities is increased by 1.2% compared to 2008/09 original estimate with all variable costs held or reduced where possible. A saving of £2,500 is made in anticipation of a review of permanent administration staff arrangements and a further saving of £2,000 is made in casual staff costs to reflect minor adjustments to opening hours.
- 4) Overall income projection excluding the contract sum is 0.8% higher than 2008/09 original estimate reflecting the scale of charges increases and trading patterns.
- 5) The overall projected estimate shows a small deficit, similar to 2008/09.

Tonbridge Swimming Pool

1.6.4 The key issues are:

- 1) Casual swimming income is increased to reflect a stable market and proposed scale of charges increase.

- 2) Gas and electricity estimates are increased by £110,200 compared to 2008/09 original estimate. This is off set in the contract sum which increases to a £251,350 payment to the LSBU.
- 3) Overall expenditure excluding utilities is increased by 3.8% compared to 2008/09 original estimate with all variable costs held or reduced where possible. A saving of £2,500 is made in anticipation of a review of permanent administration staff arrangements and a further saving of £3,500 is made in casual staff costs to reflect minor adjustments to opening hours. Utilities savings related to closure of the outdoor pool one month early are included and an additional £5,000 is included in course income to reflect the introduction of Sunday morning Swim School classes.
- 4) Overall income projection excluding the contract sum is 5.0% higher than 2008/09 original estimate reflecting the scale of charges increases and trading patterns.
- 5) Overall income remains seasonal and largely dependent on summer season.
- 6) The overall projected surplus is slightly higher than 2008/09.

Poult Wood Golf Centre

1.6.5 The key issues are:

- 1) Overall expenditure is reduced by 0.4% with all variable costs held or reduced where possible.
- 2) Increased costs reflect cost of materials and fuel.
- 3) The contract sum is increased in line with RPI.
- 4) The contract is estimated to return a small surplus in 2009/10 compared to a small deficit in 2008/09.

1.7 Revised Revenue Estimates 2008/09

1.7.1 The Revised Estimates show an **increase over the Original Estimates of £48,450 prior** to making a contribution from the General Revenue Reserve. The principal reasons for the increase, which have, in the main, been reported to this Advisory Board throughout the year, are given in the table below.

Description	DR	CR	
	£	£	
Major Income Streams (including LSBU)	505,450		
Energy Prices	261,750		
Home Improvement Agency	79,050		
Recruitment and Training (including LSBU)	79,000		
Water & Sewerage	33,900		
Bad Debt Provision (Corporate)	30,000		
Recycling Vehicle	30,000		
Estate Management		45,300	
Refuse, Recycling, Street Cleansing & Public Conveniences Contract Payments		49,800	
Concessionary Fares		148,550	
Investment Income		207,250	
Salaries (including LSBU)		447,050	
Corporate MTFS Reserve	1,250,000		
Revenue Reserve for Capital Schemes		450,000	
Housing & Planning Delivery Grant		776,000	
Building Repairs Reserve	200,000		
Commuted Car Parking Provision		294,000	
Tonbridge Town Centre Reserve		46,900	
Other Net Changes	44,150		DR
Total	2,513,300	2,464,850	48,450

1.8 Revenue Estimates 2009/10

- 1.8.1 The draft Estimates 2009/10, as detailed in the accompanying Booklet, total £15,277,500 **prior** to making a contribution from the Revenue Reserve. This represents **an increase of £698,800** or **4.8%** over the Original Estimates for 2008/09. The principal reasons for this are given in the table below.

Description	DR	CR	
	£	£	
Investment Income	725,100		
Economic Downturn	600,000		
Energy Prices	375,050		
Home Improvement Agency	126,300		
National Non-Domestic Rates	69,850		
Members Allowances	62,000		
Refuse, Recycling, Street Cleansing & Public Conveniences Contract Payments	58,800		
Water & Sewerage	24,400		
Grants		51,200	
Concessionary Fares		56,350	
Recruitment and Training (including LSBU)		210,700	
Major Income Streams (including LSBU)		415,350	
Corporate MTFS Reserve		250,000	
Revenue Reserve for Capital Schemes		450,000	
Other Net Changes	90,900		DR
Total	2,132,400	1,433,600	698,800

1.9 Capping

1.9.1 The Secretary of State still has powers under the Local Government Act 1992, as amended by the Local Government Act 1999, to limit the budgets of billing and precepting authorities and thereby limit the size of council tax increases. These capping powers have been used in recent years and the expectation is for council tax increases to be substantially below 5%. The recent letter from John Healey MP, Minister for Local Government is attached at **[Annex 2]** and Members will note the words:

“No other decisions about capping in 2009-10 have been taken but it would be unwise for any authority to assume that the capping principles set in previous years will be repeated.”

1.9.2 The current assumption reflected within the Medium Term Financial Strategy assumes that increases in council tax will need to fall across the medium term to 3.5% by the end of the strategy period, in line with government edicts. The council tax increase for next year reflected in the Medium Term Financial Strategy is currently 4.95% and bearing in mind the substantially below 5% expectation this may be at risk. Clearly, council tax increases of less than those reflected in the Strategy will add to the ‘funding gap’ to be addressed.

1.10 Draft Capital Plan

1.10.1 A report elsewhere on this agenda seeks to advise Members of the way forward on the Capital Plan. The Medium Term Financial Strategy commends that for

schemes coming forward for promotion to List A, priority will be given to those schemes which generate a net income or reduce costs.

- 1.10.2 In the context of the overall financial situation, this may mean that other schemes will go ahead only if the revenue costs can be accommodated from reductions elsewhere in the budget, or if fees and charges, additional to those assumed within the Medium Term Financial Strategy, can be generated. Indeed, in the Capital Plan report elsewhere on the agenda it is emphasised that due to the pressure on the revenue budget **it is unlikely that there will be scope to transfer many schemes to List A.**
- 1.10.3 The Capital Plan review report recommends schemes for inclusion on List B, the short-list of schemes for possible inclusion in the Capital Plan (subject of course to the emboldened comment above). Members are reminded that the selection from List B, of schemes to be included in the Capital Plan (List A) – if any - will be made at Cabinet on the 3 February for endorsement by Council. With this in mind members are advised that the revenue consequences of new capital schemes **have yet to be incorporated within the Estimates.**
- 1.10.4 It is important to ensure that the revenue reserve for capital schemes can continue to fund capital expenditure at least until we reach a position where the contribution to the reserve matches the funding required for the replacement of our assets which deliver services as well as providing money for statutory services, e.g. Disabled Facilities Grants. In order to get to this position, Cabinet agreed to adopt a new approach with regard to the preparation of the capital plan.
- 1.10.5 It is suggested that other than funding for the replacement of our assets which deliver services as well as providing money for statutory services there will be an annual capital allowance for all other capital expenditure. Any 'bids' for capital schemes or discretionary capital grants would need to be assessed in the context of this annual allowance. This allowance based on current projections works out on average at £600,000 per year (maximum) if we do not wish to have recourse to borrowing until at least the contribution to the reserve matches the funding required for the replacement of our assets and providing money for statutory services.

1.11 Consultation with Non-Domestic Ratepayers

- 1.11.1 Before the Borough Council determines the amount of its total estimated expenditure and makes calculations of its requirements for the ensuing financial year, it consults representatives of its non-domestic ratepayers about its expenditure proposals (including capital expenditure). The consultees, who include the local Chambers of Commerce as well as a group of the larger ratepayers in the Borough, receive information and copies of the draft budgets and are invited to make written representations if they deem it appropriate. Any points of clarification required are dealt with by telephone, written correspondence or, if appropriate, an informal meeting with officers.

1.11.2 Any comments or representations received from the consultees will be reported to Members throughout the budget process.

1.12 Summary

1.12.1 Management Team and officers have worked hard to identify how we might address what is a significant 'funding gap'. It can be seen at **[Annex 1]** that, on the assumption that all of the savings identified for implementation on or before 1 April 2009 are approved by Members, and those identified for further consideration and reflected in the Medium Term Financial Strategy referred to at paragraph 1.4.5 are also subsequently approved, savings of £882,000 will have been identified. There would then be further savings in the order of £400,000 to be identified over the medium term if the integrity of the Medium Term Financial Strategy is to be maintained. Clearly, if any of the savings above are not taken forward this would add to the savings figure to be identified over the medium term. As Members will no doubt appreciate the financial pressures faced by the Council are severe, but I do believe that with a robust Medium Term Financial Strategy and good financial management and financial planning we will be able to, albeit some difficult and tough choices will have to be made, 'steer' our way through these difficult times.

1.13 Grants to Voluntary and Community Organisations

1.13.1 Members will be aware that due to the financial situation facing the Borough Council, the decision was taken by Cabinet that it was no longer in a position to provide the level of assistance it has in previous years to voluntary and community groups. Against this background, funding for the 2009/10 scheme was withdrawn. However, the Cabinet also recognised that there may be some very special circumstances that could exceptionally justify a grant being made. In particular, organisations that are assisting people with debt issues and offering debt counselling who may see a greatly increased workload in consequence of the global recession. Those organisations who felt they had a special case were invited to write to the Chief Executive giving their reasons for requesting exceptional consideration.

1.13.2 The Bridge Trust and YWCA West Kent Young Women's Centre have written in response to the withdrawal of grant funding, requesting exceptional consideration as they will be delivering projects addressing debt issues and debt counselling. **[Annex 3]** of this report includes copies of the letters from both organisations.

1.13.3 The Bridge Trust provides a valuable service in Tonbridge and Malling addressing homelessness and providing homelessness advice and mediation. They have already seen an increase for these services and believe the call on services will increase further, against a backdrop of reduced funding.

1.13.4 In last year's grant scheme The Bridge Trust received £2,100 and they were hoping to receive more this year in light of a likely increased work load. Whilst it will not be possible to raise the level of funding, it is proposed that a grant of

£2,000 be offered to ensure that services provided to vulnerable and homeless people, will not be reduced at this critical time.

1.13.5 The YWCA West Kent Young Women's Centre also provides a valuable service working with disadvantaged young women throughout the borough. In last year's grant scheme they received £2,700. For the 2009/10 funding year, the YWCA were hoping to provide one-to-one debt and financial support for young women, enabling them to take part in education and training programmes provided by the YWCA. Many women who attend the centre struggle to take part in programmes due to their personal financial pressures and the YWCA feel it is vital to relieve this pressure in order to meet the education and training needs of the participants.

1.13.6 To ensure that the YWCA are able to continue to deal with the increased support surrounding debt issues, it is proposed that a grant of £2,000 be offered to assist with this vital work.

1.14 Legal Implications

1.14.1 There are a number of legislative requirements to consider in setting the Budget which will be addressed as we move through the budget cycle.

1.15 Financial and Value for Money Considerations

1.15.1 As set out above.

1.16 Risk Assessment

1.16.1 The Local Government Act 2003 requires the Chief Financial Officer, when calculating the Budget Requirement and Council Tax Requirement, to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. Consideration will and is given to the risks associated with any budget setting process where various financial and other assumptions have to be made. To mitigate the risks detailed estimates are formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures and external advice on assumptions obtained where appropriate.

1.17 Recommendations

1.17.1 The Advisory Board is requested to:

- 1) Consider the draft Revenue Estimates contained in the Booklet and make such recommendations, as it considers appropriate, to Cabinet for its special meeting on 3 February;
- 2) Consider and approve the savings identified and incorporated within the estimates **[Annex 1]**.

- 3) Within the context of the financial pressures outlined in the report, request that the Policy Overview Committee consider the draft Revenue Estimates contained in the Booklet and make such recommendations, as it considers appropriate, to Cabinet for its special meeting on 3 February.

1.17.2 That The Bridge Trust and YWCA West Kent Young Women's Centre both be offered grants of £2,000 in 2009/10 and that the budget be adjusted accordingly.

Background papers:

Nil

contact: Sharon Shelton
Neil Lawley

Sharon Shelton
Director of Finance