

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

07 February 2006

Report of the Director of Finance and Chief Executive

Part 1- Public

A MORE DETAILED SUPPLEMENTARY REPORT ON “SETTING THE BUDGET FOR 2006/07” WILL BE CIRCULATED BEFORE THE MEETING ON 7 FEBRUARY

1 REVENUE & CAPITAL ESTIMATES 2006/07

A short report to update Members of the Cabinet on issues relating to the setting of the Revenue Budget for 2006/07, the Capital Plan and the level of Council Tax for 2006/07. A more detailed supplementary report in liaison with the Leader of the Council and the Cabinet Member for Resources and Capital Projects will be circulated before the meeting on 7 February.

1.1 Medium Term Financial Strategy

1.1.1 The Council adopted a Medium Term Financial Strategy, spanning a six-year period and covering both capital and revenue budgets for the first time as part of the budget setting process for 2004/05. It is this Strategy that underpins the budget setting process for the forthcoming year and over the six-year period.

1.1.2 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 sits detailed estimates formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures.

1.2 Revenue Estimates 2006/07

1.2.1 The draft Revenue Estimates for 2006/07 were presented to the meeting of the Finance and Property Advisory Board on 4 January and Policy and Best Value Committee on 24 January. The role of these groups is to assist the Council and Cabinet in the development of its budget within the context of the Medium Term Financial Strategy and the Council's overall Aims and Priorities.

- 1.2.2 The draft Revenue Estimates were considered in detail at the meeting of the Finance and Property Advisory Board. Whilst a number of questions were posed by Members at that meeting the Board endorsed the Revenue Estimates as presented, and in reconsidering the objective to achieve a balanced budget **agreed** that this should be by the end of the strategy period (2011/12). Amendments proposed at the meeting of the Policy and Best Value Committee will be incorporated in the supplementary report to be circulated before the meeting on 7 February.
- 1.2.3 Since preparing the draft Revenue Estimates Booklet, a number of changes have emerged and the Estimates have been updated accordingly. The changes are detailed below.

| | Revised Estimate 2005/06 £ | Original Estimate 2006/07 £ |
|--|---|--|
| Summary Total reported to Finance & Property Advisory Board on 4 January | 12,446,200 | 13,389,750 |
| Consultants Fees - Tonbridge Castle East Curtain Wall | 13,200 | |
| Waste Performance Efficiency Grant (Net) | | (26,800) |
| Amenity Street Cleansing Contract | | (5,000) |
| Electoral Administrative Arrangements | | 20,000 |
| Current Summary Total | 12,459,400 | 13,377,950 |

Any matters arising from the agenda of the General Purposes Committee meeting on 6 February will be incorporated within the more detailed supplementary report to be circulated before the meeting on 7 February.

1.3 Revenue Support Grant 2006/07

- 1.3.1 At the time of writing this report, we have not received the final grant settlement. The consultation on the provisional settlement closed on 11 January, and the final settlement is due to be announced in early February (after laying the Reports in the House).
- 1.3.2 Naturally, the outcome of the consultation process is of critical importance, and until we have received the final settlement it is not possible to conclude our calculations. Members will be informed of the outcome of the settlement in the supplementary report to be circulated before the meeting on 7 February.

1.4 Capital Plan Review

1.4.1 The Capital Plan Review process started at the Finance and Property Advisory Board (F&PAB) on 4 January 2006, with recommendations feeding into Cabinet on 18 January 2006. These meetings recommended the following:

- 1) The endorsement of the current position of List A schemes as reported to F&PAB, subject to two amendments:

The deletion of a provision of £10,000 in 2011/12 for Countryside Partnership Initiatives in Areas of Outstanding Natural Beauty; and

The change in the provision in 2005/06 for Gibson East Building Comfort Cooling from £198,000 to £43,000.

- 2) The addition of new schemes to List C and the removal of schemes from List C schemes as reported to F&PAB.
- 3) The selection of schemes from List C for evaluation over the forthcoming year, including the fast-tracking of some, as reported to F&PAB.
- 4) The selection of schemes for promotion to List B, a pool of schemes with “in principle” support for adding to the Capital Plan (List A), subject to resources being available in the light of the Medium Term Financial Strategy and the overall budgetary position. These schemes were selected from those schemes which had been evaluated following selection for evaluation in the previous year.

1.4.2 Amendments proposed at the meeting of the Policy and Best Value Committee will be incorporated in the supplementary report to be circulated before the meeting on 7 February.

1.5 Supplementary Report

1.5.1 A detailed supplementary report, referred to previously, will be circulated to Members in advance of the meeting to enable the Cabinet to make appropriate recommendations to Council.

1.6 Legal Implications

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

1.7 Financial and Value for Money Considerations

1.7.1 As set out above.

1.8 Risk Assessment

- 1.8.1 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 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.

Background papers:

Nil

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