

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

06 February 2007

Report of the Director of Finance and Chief Executive

Part 1- Public

Matters for Information

A MORE DETAILED SUPPLEMENTARY REPORT ON “SETTING THE BUDGET FOR 2007/08” AND A SEPARATE REPORT ON “SETTING THE COUNCIL TAX FOR 2007/08” WILL BE CIRCULATED BEFORE THE MEETING ON 6 FEBRUARY

1 SETTING THE BUDGET FOR 2007/08

A short report to update members on issues relating to the setting of the Revenue Budget and the Capital Plan for 2007/08. 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 6 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 2007/08

1.2.1 The draft Revenue Estimates for 2007/08 were presented to the meeting of the Finance and Property Advisory Board on 3 January and Policy and Best Value Committee on 23 January. The role of the Board and of the Committee is to assist both the Council and the 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. 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 6 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 2006/07 £	Original Estimate 2007/08 £
Summary Total reported to Finance & Property Advisory Board on 3 January	14,122,850	14,131,500
Food Safety – Health Education	8,700	43,000
Food Safety – Government Grant	(8,700)	(43,000)
Car Park Season Ticket Income		(9,000)
Land Review – Professional Fees		(5,550)
Regrading of Estates Manager post		5,550
Regrading of Media and Communications Assistant post		1,550
Investment Income	46,300	(125,600)
Current Summary Total	14,169,150	13,998,450

- 1.2.4 Any matters arising from the agenda of the General Purposes Committee meeting on 5 February will be incorporated within the more detailed supplementary report to be circulated before the meeting on 6 February.

1.3 Government Grant 2007/08

- 1.3.1 The final settlement for 2007/08 was announced on 18 January and is due to be debated in the House on 31 January. This Council has received a final Grant Settlement of £6,329,988, which is the same as the provisional settlement

announced in November and as indicated as part of the 2006/07 finance settlement.

- 1.3.2 As was reported to the Finance and Property Advisory Board on 3 January a letter of representation about the settlement **[Annex 1]** was prepared and sent to the Department for Communities and Local Government with the support of, the Rt. Hon. Sir John Stanley, MP **[Annex 2]** and Jonathan Shaw, MP **[Annex 3]**. A response is awaited.

1.4 Capital Plan Review

- 1.4.1 The Capital Plan Review process started at the Finance and Property Advisory Board (F&PAB) on 3 January 2007 and at that meeting the Board endorsed the following recommendations:

- 1) The endorsement of the current position of List A schemes as reported to F&PAB.
- 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 6 February.

1.5 Supplementary Reports

- 1.5.1 A detailed supplementary report on Setting the Budget for 2007/08 and a separate report 'Setting the Council Tax for 2007/08' 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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