

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

03 February 2009

Report of the Chief Executive and Director of Finance

Part 1- Public

Matters for Information

A MORE DETAILED SUPPLEMENTARY REPORT ON “SETTING THE BUDGET FOR 2009/10” AND A REPORT ON “SETTING THE COUNCIL TAX FOR 2009/10” WILL BE CIRCULATED BEFORE THE MEETING ON 3 FEBRUARY

1 REVENUE AND CAPITAL ESTIMATES 2009/10

This is a short report to update Members on issues relating to the setting of the Revenue Budget for 2009/10, the Capital Plan and the level of Council Tax for 2009/10. A more detailed supplementary report in liaison with the Leader of the Council and the Cabinet Member for Finance will be circulated before the meeting on the 3 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 revenue and capital 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 2009/10

1.2.1 The draft Revenue Estimates for 2009/10 were presented to the meeting of the Finance and Property Advisory Board on the 7 January and are due to be presented to the meeting of the Policy Overview Committee on the 27 January. The role of the Board and of the Committee is to assist both the Cabinet and the

Council 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 at the meeting of the Finance and Property Advisory Board and whilst a number of questions were posed by Members at the meeting the Board endorsed the Revenue Estimates as presented, together with the schedule of savings identified and incorporated within the estimates.
- 1.2.3 In addition, recommended that the Bridge Trust and West Kent Young Women's Centre both be offered grants of £2,000 and Maidstone Cruse Bereavement Care be offered a grant of £750 in 2009/10 following a request from these organisations for "special circumstances" to be taken into account in respect of their grant applications. For the purposes of this report the proposed grant awards have been incorporated within the estimates.
- 1.2.4 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 2008/09 £	Original Estimate 2009/10 £
Summary Total reported to Finance and Property Advisory Board on 7 January	14,627,150	15,277,500
Contract Payments – RPI Adjustment	(5,000)	(74,500)
Members' Allowances	(9,900)	(49,650)
Executive Services Restructure		(17,150)
Local Environmental Management AB – 19 January 2009	3,000	(4,850)
Investment Income		56,700
Grants to Charitable and Voluntary Organisations		4,750
Cemetery Lodge – Rental Income (Net)		4,600
Current Summary Total	14,615,250	15,197,400

1.3 Government Grant 2009/10 and 2010/11

- 1.3.1 The settlement figures for 2009/10 and 2010/11 notified to us on 24 January 2008, not surprisingly, were restated in the provisional local government finance

settlement announced on 26 November 2008 and confirmed in the final settlement announced on 21 January 2009.

1.4 Capital Plan Review

- 1.4.1 The Capital Plan Review process started at the Finance and Property Advisory Board on 7 January followed by the Policy Overview Committee on 27 January. At these meetings Members were reminded that the capital reserve provided the main source of funding for existing and any new schemes that are introduced to the Capital Plan and that as part of a series of measures to assist the current severe budgetary pressures faced by the Council the annual top-up of the capital reserve was to be temporarily suspended. This temporary suspension was predicated on deleting / scaling back current approved budget provision by some £2.5m, limiting new additions to the Capital Plan to £600,000 (maximum) per year and reintroducing the annual top-up to the capital reserve within a reasonable timescale and increasing the top-up over time to a level sufficient to meet the funding required for the replacement of our assets as well as providing money for statutory services.
- 1.4.2 The Board endorsed as detailed in the papers the following recommendations:
- 1) The deletion of existing approved budget provision as detailed in paragraph 1.4.10 of the report to the Finance and Property Advisory Board.
 - 2) The schemes listed in paragraph 1.4.10 for transfer from List A to List C.
 - 3) The Capital Plan (List A) position as shown in Annex 2 of the Capital Plan booklet accompanying the report to the Finance and Property Advisory Board.
 - 4) The schemes listed in paragraph 1.5.1 of the report are added to List C.
 - 5) The schemes listed in paragraph 1.5.2 of the report are deleted from List C.
 - 6) The schemes listed in paragraph 1.5.3 of the report are merged on List C.
 - 7) The schemes listed in paragraph 1.6.3 of the report are selected for evaluation over the coming year.
 - 8) The transfer of the following schemes from List C to List B:
 - Parking Action Plan Phase 7
 - Car Park Enhancement Programme Phase 4
 - Tonbridge Town Lock
 - Tonbridge Swimming Pool Pumping Station Refurbishment
 - Tonbridge School all Weather Pitch

- 9) The “exceptional case” grant applications from East Peckham (£7,500) Trottscliffe (£6,464) and West Malling (£6,048) Parish Councils and the St James Centre Trust (£25,000) be approved subject to Kent County Council providing a grant of £50,000 in the case of the St James Centre, and the funding for the “exceptional cases” of £45,012 be met from the capital allowance for new schemes.

1.5 Supplementary Reports

- 1.5.1 Detailed supplementary reports on Setting the Budget for 2009/10 and on Setting the Council Tax for 2009/10 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 Finance 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.
- 1.8.2 The Secretary of State has announced that he expects to see council tax increases of substantially less than 5%. The Medium Term Financial Strategy assumes a council tax increase of 4.95% next year falling to 3.5% as we move through the medium term. To reduce the increase would mean that our savings target would need to increase even further. Whilst there is clearly a risk that the Secretary of State may consider a 4.95% increase to be ‘excessive’ (in the context of his announcement), we believe that this is unlikely in the current circumstances.

Background papers:

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Nil

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