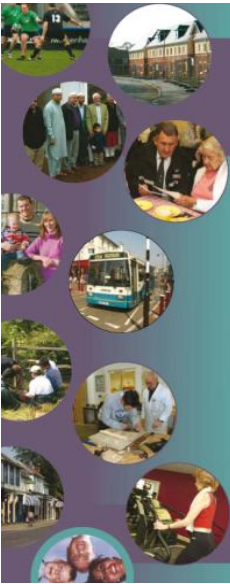




## 2007/08 – 2009/10 BUDGET POSITION



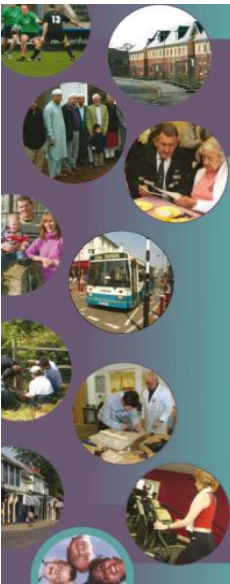
## Introduction

- Context:
  - Budgets are not about figures.....



## Introduction

- Key Issues
- Forward Planning
- Medium Term Financial Strategy (MTFS)
- Budget Proposals



## Key issues for the Council

- Focusing on key priorities
- Continuing to improve services for the public
- Balancing the budget
- Partnership working
  - Local Government Bill (White Paper)
  - Current Joint Working



## Forward Planning

- Determining what we want to do and how we will pay for it.
- The Plans are two-fold:
  - getting short-term measures in place to ensure we establish priorities and a budget for 2007/08; and
  - a longer-term mechanism to ensure that the budgetary and corporate cycles complement one another, become more transparent and become better suited to delivering our long-term objectives and achieving a balanced budget



## Future Timescales

- Improvements to the planning process:
  - Earlier start (initial position statement in June?)
  - Greater use of both corporate priorities and service planning to inform savings and growth
  - Earlier start to savings process with a view to balancing the budget
- Improved service planning



## MTFS

- “...is the Council’s key financial planning document and sets out the Council’s strategic approach to the management of its finances and Council Tax Levels”.
- Recognises that Finance Supports Priorities, Not Lead Them.



## MTFS

- The MTFS covers:
  - Strategic Aims and Objectives
  - Role of Finance (Community Warden)
  - Context
    - Tunbridge Wells Borough
    - National Financial Context
      - CSR 2004 and 2007
      - Three Year Settlements
      - White Paper and Lyons
      - Capping
      - New Burdens Doctrine



## MTFS

- The MTFS covers:
  - Local Context
    - Government Grant Settlement
    - Council Tax
    - LABGI
    - Expenditure Pressures
    - Projections
    - Risk and Uncertainties
    - Fees and Charges



## MTFS

- The MTFS covers:
  - Prioritisation & Redirection
  - Efficiency and VFM
  - Reserves
    - General or Earmarked
    - Level of Reserves
    - Investment Interest



## MTFS

- Action Plan
  - Aim / Actions / Outcomes
    - A sustainable Budget
      - Informed by VFM/Efficiency
      - Redirection of Resources
    - Reserve Policy
      - More on that Later



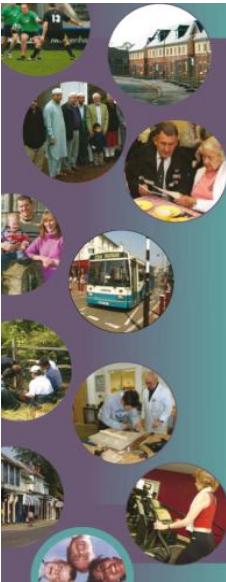
## Reserves (1)

- As at 31 March 2006
  - Capital Receipts £3.5m
  - General Reserves £2.4m
  - Earmarked (?) Reserves £33.0m
    - Housing, Reorganisation, Efficiency



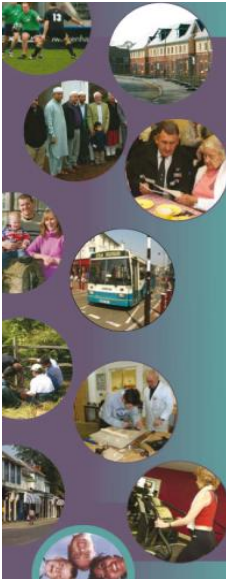
## Reserves (2)

- Reserve Policy
  - Planned Use of Reserves
  - Planned and Phased Reduction of Reliance on Investment Interest



## Balanced Budget

Where Ongoing Expenditure is met from Fees, Charges, Government Grant and Council Tax with the Controlled use of Reserves being used to meet One Off Priority Spend.



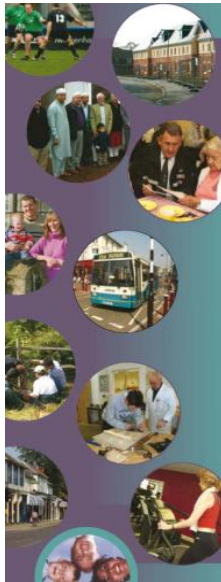
## Unavoidable Budget Pressures (1)

	2007/08	2008/09
Concessionary Fares	£96k	Yes
Waste Collection Contract	£100k	£300k
CCTV Monitoring Contract	£25k	£25
Borough Lighting Contract	£20k	£20k
ICT Strategy	£132k	£132k
Utilities	???	???
Pension Fund – Actuarial Valuation	-	£250k
Investment Interest	£400k	£600k
+ Other known and unknown pressures	???	???




## Unavoidable Budget Pressures (2)

- Additional Items Considered Essential:
  - Town Plans £100k
  - Scrutiny £70k
  - Park and Ride Traffic Flow £50k
- Meet from Reserves?



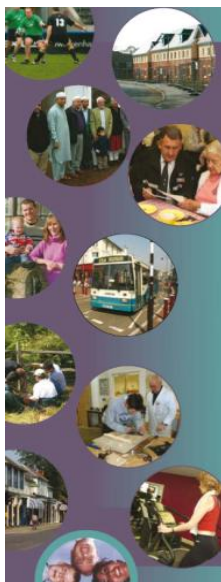
## Unavoidable Budget Pressures (3)

- Cost of Living
- + Inflation
- + Unavoidable Growth
- > Increases to Government Grant and Council Tax
- = The Need to Reduce Net Expenditure by £800k-£900k




## CENTRAL GOVT GRANT

• 2004/05	£6.014m
• 2005/06	£6.212m +3.29%
• 2006/07	£6.387m +2.82%
• 2006/07	£6.813m
• 2007/08	£6.801m -0.18%



## Council Tax

- 1% Increase = £36,000
- Capping Set at 5%
- General Increase £180,000



## A KEY MESSAGE

– This is before significant increases to priority spend that will easily raise budget gap to **£1m+**



## 2007/08 Budget: Dec 2006


Projected base budget	£14.990m
Investment Interest	£1.500m
Council Tax and Government Grant	£12.446m
Council Tax Surplus	£0.023m
Contribution from Reserves for Priority Spend	£0.150m
Contribution from Reserves	£0.871m

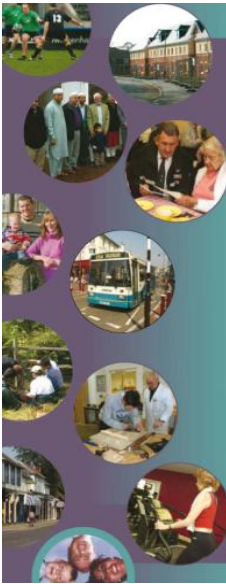


## BUDGET GAPS

2007/08	£0.871m
2008/09	£1.677m
2009/10	£2.249m

- 
- ## Target
- A balanced budget
    - Controlled use of reserves
  - Additional funding for priorities
  - Planned use of reserves that demonstrate VFM

- 
- ## Some options
- Use balances (but not recommended)
  - Increase Council Tax (but cap now set at 5 per cent)
  - Increase fees and charges
  - No redirection of resources
  - Reduce or cut non-priority services



## SUMMARY

- Budget problems will never go away
- BUT
  - Improved Planning Process
  - Greater Focus on Priority Areas
  - Reserve Policy
- = A Sustainable Budget