

## BOROUGH OF KETTERING

|                          |                                     |                                    |        |
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| <b>Report Originator</b> | Strategic Management Team           | <i>Fwd Plan Ref No:</i><br>A15/012 |        |
| <b>Wards Affected</b>    | All                                 | 14 <sup>th</sup> October 2015      |        |
| <b>Title</b>             | <b>MAINTAINING A DURABLE BUDGET</b> |                                    |        |

**Portfolio Holder: Cllr J Smith**

### **1. PURPOSE OF REPORT**

This report provides the following:

- a. A case study on the waste and recycling collection service;
- b. A reminder Members of the Council's medium term financial strategy and associated guiding principles;
- c. An illustration of the latest budget model, the delivery of efficiency savings for 2015/16 and the estimated level of budget savings that may be required over the next few years;
- d. A mid-year update on Treasury Management;
- e. An update on the Council Tax Support Consultation process, following the decision taken by the Executive Committee at its previous meeting;
- f. An update on the proposals for the Northamptonshire Business Rates Pool for 2016/17.

### **2 CASE STUDY**

2.1 Members will recall that in previous budget reports we have identified case studies as examples of good practice. The previous examples related to the new arrangements for the following:

- ◆ Generic warden service
- ◆ Recycling pilots
- ◆ Kettering Borough Training
- ◆ Partnership work with the Citizens Advice Bureau.
- ◆ VAT recovery
- ◆ Prevent Strategy funding
- ◆ Flexible Working
- ◆ Printing Function
- ◆ Market
- ◆ Managing homelessness
- ◆ Staff Sessions

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- ◆ Attracting External Funding to the Borough

2.2 The case study in this report highlights the flexibility the Council has by maintaining service delivery in-house.

## **Waste and Recycling Collection**

The Council's waste and recycling collection service is delivered in-house, this provides the Council with flexibility and ensures any efficiencies in service delivery are retained in full by the Council and are not shared with a third party.

The Council was recently contacted by a neighbouring authority who had outsourced their waste and refuse collection service and required interim assistance to enable them to meet their statutory requirements as a collection authority after difficulties with that contract.

As a result of our service being delivered in-house, this Council was able to provide support at no cost to the local taxpayer and the neighbouring authority was able to ensure the service was delivered.



## **3. BACKGROUND**

3.1 At the March Executive meeting, Members approved that the budget delivery framework used in the five previous budget rounds be used for the preparation of the 2016/17 budgets. Specifically, members approved;

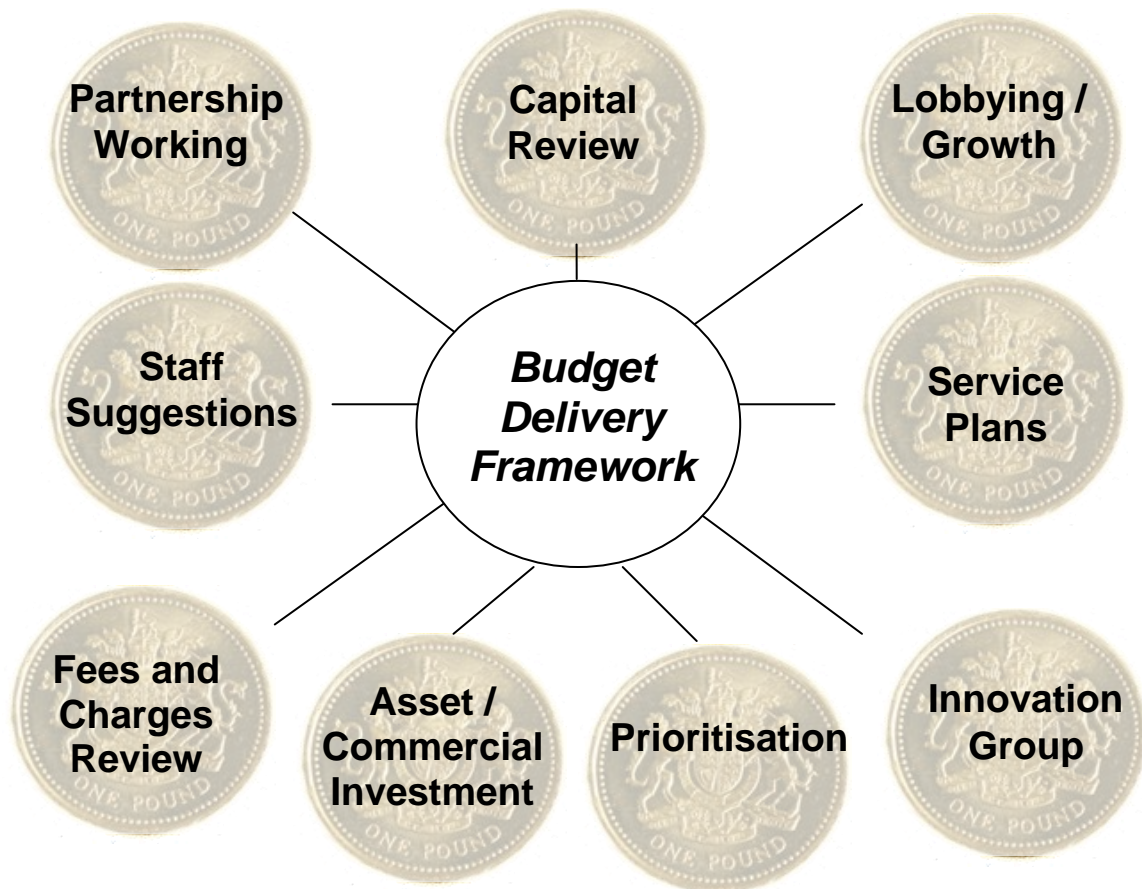
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*“that the same methodology be applied to the formulation of the 2016/17 budget as it applied to the 2015/16 budget, with particular reliance on:-*

- the existing guiding principles*
- the existing modelling for recovery principles*
- the existing budget containment strategy*
- the existing eight workstreams”*

3.2 The opportunities for commercial investment were considered by the Executive at the March meeting and Members endorsed the adaption of our current financial strategy to embrace a systematic and measured approach towards developing a balanced portfolio of revenue generating assets. This approach is going to become increasingly important if the Council is to continue to deliver a balanced budget. The framework now consists of nine workstreams following the addition of the Asset / Commercial Investment Framework at the June Executive meeting – as illustrated in the following chart;



3.3 The financial strategies key ‘*guiding principles*’ supplemented by the ‘*Modelling for Recovery Principles*’ the ‘*Budget Containment strategies*’ and the prioritisation

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'golden rules' have provided a strong cornerstone for the Council's medium term financial strategy. For ease of reference, these are reproduced here:-

### **Financial Strategy Guiding principles:**

- a. *Revenue balances should not fall below £1m and overall revenue reserves should not fall below 10% of net revenue expenditure;*
- b. *In setting the Council Tax, members should consider the medium term to ensure that a sustainable budgetary position is preserved (with due regard being given to any penalties that might apply);*
- c. *The level of household Council Tax to increase each year in line with inflation at least, where the budget is in deficit, to ensure resources remain consistent with budgeted costs;*
- d. *When setting the Capital Programme, consideration is given to allocating capital resources to schemes that are beneficial to the Council's overall revenue budget position;*
- e. *To maximise the resources available to the Authority, the Council will actively lobby the Government on relevant issues (e.g. grant distribution/ planning fees).*

### **Modelling for Recovery principles:**

1. *Wherever possible, continue with all planned investments and programmes, to protect the local economy and lever in other investments;*
2. *Given the strength of our Treasury position we should consider debt funding as a means of programme delivery or stimulus – if this can be shown to be sustainable and have a wider economic benefit;*
3. *Organise our fiscal structures and business models to attract and retain the maximum amount of revenue within the local economy;*
4. *To ensure all possible avenues are used within procurement rules to source locally;*
5. *Protect the performance of Council services which come under particular strain;*
6. *Work closely with partners in the voluntary, public and private sectors, to ensure optimum efficiency*

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### **Budget Containment Strategy:**

1. *Where a specific grant which funds a specific service is withdrawn, the service stops;*
2. *Where grant funding reduces, which Kettering Borough Council passports through to another organisation, the reduced sum continues to be passported, providing the end recipient organisation feels it can still provide a value-added service at that funding point.*
3. *Where a function is transferred to another provider, the Council leaves all service-provision discussions, including any top-up funding, with the new provider;*
4. *The Council would ordinarily neither seek to buffer nor profit from tax changes.*
5. *The Council should not substitute itself as a provider / funder of services when another public provider cuts such a service.*

### **Prioritisation 'Golden Rules':**

1. *Revenue Impact – The item should have a positive **material and causal** impact on the Council's revenue budget over the medium term. The impact should be material in nature.*
2. *Fit with Key Priorities - There should be a direct and causal impact upon the achievement of the Council key priorities of;*
  - *Better Town Centres*
  - *Better Jobs*
  - *Better Educational Offer*
3. *Risk and Return Profile - The item / project should fit the Council's risk and return appetite and also complement the overall portfolio of investment / assets.*
4. *Investment Leverage - The item / project should ideally act as either an 'invest to save' type project or one that 'pump primes' other significant investment into the borough.*
5. *Self Sufficiency - Given the continuing trend of reduction in central government grants, priority will be given to projects that assist in the Council moving further towards financial self-sufficiency.*
6. *Strategic Partnerships - The item should generally have a positive impact on the Council's strategic partnerships and the Council's long term strategic ambitions for the borough – eg, town centre development. In particular –*

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*items that support and help develop 'scope' rather than 'scale' will be prioritised.*

**4 MEDIUM TERM FINANCIAL FORECAST**

4.1 The Council's current Medium Term Financial Forecast is reproduced in Table 1.

| TABLE 1 - MEDIUM TERM FINANCIAL FORECAST |                                   |                          |                            |                  |                  |                  |                         |
|--|-----------------------------------|--------------------------|----------------------------|------------------|------------------|------------------|-------------------------|
|  |                                   | Zone of "Predictability" | Zone of "Unpredictability" |                  |                  |                  | Severe Unpredictability |
|  |                                   | 2015/16                  | 2016/17                    | 2017/18          | 2018/19          | 2019/20          | 2020/21                 |
|  |                                   | Forecast<br>£000         | Forecast<br>£000           | Forecast<br>£000 | Forecast<br>£000 | Forecast<br>£000 | Forecast<br>£000        |
| <b>1</b>                                 | <b>Net Council Budget</b>         | <b>11,696</b>            | <b>11,012</b>              | <b>10,189</b>    | <b>9,695</b>     | <b>9,203</b>     | <b>8,766</b>            |
| <b>2</b>                                 | <b>Forecast Resources:</b>        |                          |                            |                  |                  |                  |                         |
|  | <b>Government Grant</b>           |                          |                            |                  |                  |                  |                         |
| 2a                                       | Revenue Support Grant             | (1,736)                  | (1,070)                    | (441)            | 153              | 716              | 1,250                   |
| 2b                                       | Business Rates                    | (2,244)                  | (2,311)                    | (2,380)          | (2,451)          | (2,525)          | <b>(2,601)</b>          |
|  | <b>Total Government Grant</b>     | <b>(3,980)</b>           | <b>(3,381)</b>             | <b>(2,821)</b>   | <b>(2,298)</b>   | <b>(1,809)</b>   | <b>(1,351)</b>          |
|  | Council Tax / Coll'n Fund         | (100)                    | (100)                      | (100)            | (100)            | (100)            | (100)                   |
|  | Income From Council Tax           | (6,037)                  | (6,067)                    | (6,098)          | (6,129)          | (6,160)          | (6,191)                 |
|  | <b>Total Resources</b>            | <b>(10,117)</b>          | <b>(9,548)</b>             | <b>(9,019)</b>   | <b>(8,527)</b>   | <b>(8,069)</b>   | <b>(7,642)</b>          |
| <b>3</b>                                 | <b>Budget (Surplus) / Deficit</b> | <b>1,579</b>             | <b>1,464</b>               | <b>1,170</b>     | <b>1,168</b>     | <b>1,134</b>     | <b>1,124</b>            |
| 4a                                       | Council Tax Grant                 | 0                        | 0                          | 0                | 0                | 0                | 0                       |
| <b>5</b>                                 | <b>Savings Identified</b>         | <b>(1,579)</b>           | <b>(750)</b>               | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>                |
| <b>6</b>                                 | <b>Savings - To be Identified</b> | <b>0</b>                 | <b>(714)</b>               | <b>(1,170)</b>   | <b>(1,168)</b>   | <b>(1,134)</b>   | <b>(1,124)</b>          |
| <b>7</b>                                 | <b>Budget (Surplus) / Deficit</b> | <b>0</b>                 | <b>0</b>                   | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>                |
| GENERAL FUND WORKING BALANCE             |                                   |                          |                            |                  |                  |                  |                         |
|  |                                   | 2015/16                  | 2016/17                    | 2017/18          | 2018/19          | 2019/20          | 2020/21                 |
|  |                                   | £000                     | £000                       | £000             | £000             | £000             | £000                    |
| <b>8</b>                                 | <b>Estimated Opening Balance</b>  | <b>(1,415)</b>           | <b>(1,505)</b>             | <b>(1,505)</b>   | <b>(1,505)</b>   | <b>(1,505)</b>   | <b>(1,505)</b>          |
| 4b                                       | Council Tax Grant 14/15           | (65)                     | 0                          | 0                | 0                | 0                | 0                       |
| 4c                                       | Council Tax Grant 15/16           | (65)                     | 0                          | 0                | 0                | 0                | 0                       |
| 4d                                       | Town Centre Initiatives           | 40                       | 0                          | 0                | 0                | 0                | 0                       |
| <b>9</b>                                 | <b>Estimated Closing Balance</b>  | <b>(1,505)</b>           | <b>(1,505)</b>             | <b>(1,505)</b>   | <b>(1,505)</b>   | <b>(1,505)</b>   | <b>(1,505)</b>          |

The zone for the 2020/21 financial year is titled '**Severe Unpredictability**' as this is when the Business Rates Retention Scheme is set to change not least due to the

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expected reset. These changes are likely to impact on the funding received from Business Rates.

### Notes to Medium Term Financial Forecast

- 1 **Net Council Budget** – This represents the net expenditure prior to the Budget Framework savings.
  
- 2 **Forecast Resources** – These are the Council's main funding streams (excluding fees and charges which are incorporated into Line 1). This illustrates the significant reduction in Central Government funding. To enable the total resources required to balance the budget to be identified, no assumptions have been made regarding future council tax increases. The small increase in revenue each year reflects anticipated housing growth in the borough.

The following assumptions have been made about future levels of government grant; these assumptions are a combination of the average percentage and cash reduction over the past five years;

|         |  |
|---------|--|
| 2016/17 | Reduced by 6.50% plus a further £340,000 |
| 2017/18 | Reduced by 6.50% plus a further £340,000 |
| 2018/19 | Reduced by 6.50% plus a further £340,000 |
| 2019/20 | Reduced by 6.50% plus a further £340,000 |
| 2020/21 | Reduced by 6.50% plus a further £340,000 |

**2a / 2b Revenue Support Grant / Business Rates** - Following the introduction of the Business Rates Retention Scheme the local share of business rates will be uplifted by RPI each year until the system is reset in 2020 this is shown in line 2b. The full reduction in grant is therefore applied to the element that is provided through the Revenue Support Grant, which is detailed in Line 2a.

- 3 **Budget (Surplus) / Deficit** – This illustrates the gap between the budget and the total resources available before identifying budget framework savings.
  
- 4a **Council Tax Grant** – This is a grant the Council receives from central government for four years in return for freezing Council Tax in 2011/12. This is equivalent to the cash that would have been received if a 2.5% increase had been levied.
  
- 4b **Council Tax Grant 2014/15** - This is a grant the Council receives from central government for two years in return for freezing Council Tax in 2014/15.
  
- 4c **Council Tax Grant 2015/16** - This is a grant the Council receives from central government for one year in return for freezing Council Tax in

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*2015/16. A Council Tax Freeze has ongoing implications as an increase in Council Tax generates income year on year.*

**4d** ***Town Centre Initiatives** – This relates to parking incentives and / or other town centre related items. Due to the short term nature this is being funded from the General Fund working balance rather than forming part of the base budget.*

**5** ***Budget Frameworks** – This identifies the total savings required.*

**6** ***Savings to be secured** – This identifies the total resources required to balance the budget in future years after 2015/16.*

4.2 Based upon the figures in the Council's Medium Term Financial Strategy (Table 1) it can be seen that the following levels of ongoing savings are predicted over the new few years (prior to the consideration of any increase in council tax);

|                |                          |
|----------------|--------------------------|
| <b>2016/17</b> | <b>£1,464,000</b>        |
| <b>2017/18</b> | <b>£1,170,000</b>        |
| <b>2018/19</b> | <b>£1,168,000</b>        |
| <b>2019/20</b> | <b>£1,134,000</b>        |
| <b>2020/21</b> | <b><u>£1,124,000</u></b> |
| <b>Total</b>   | <b><u>£6,060,000</u></b> |

### **GENERAL FUND 2015/16**

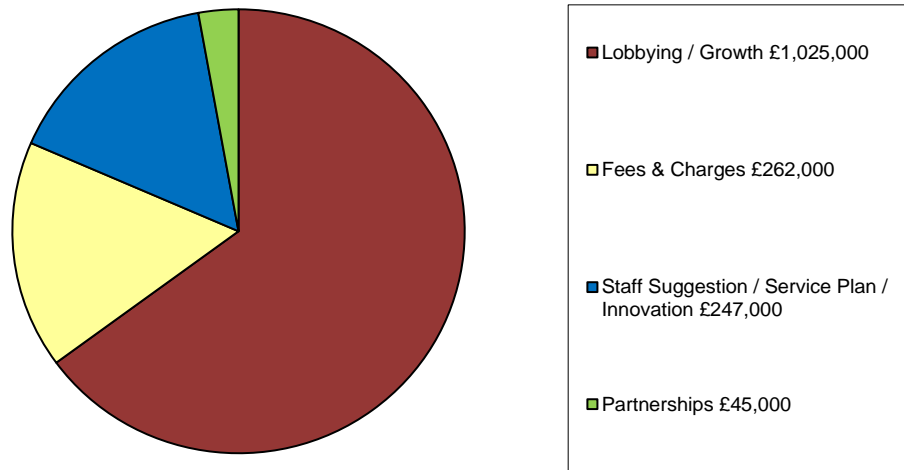
4.3 As reported to the Council in the February 2015 budget report, The Council's budget delivery framework will need to deliver £1,579,000 of savings in 2015/16 to maintain a balanced budget. The savings have been identified in full and are in the process of being delivered. As previously reported to members, the Council remains confident that it can deliver the identified savings for 2015/16 – these are summarised in Chart 1:



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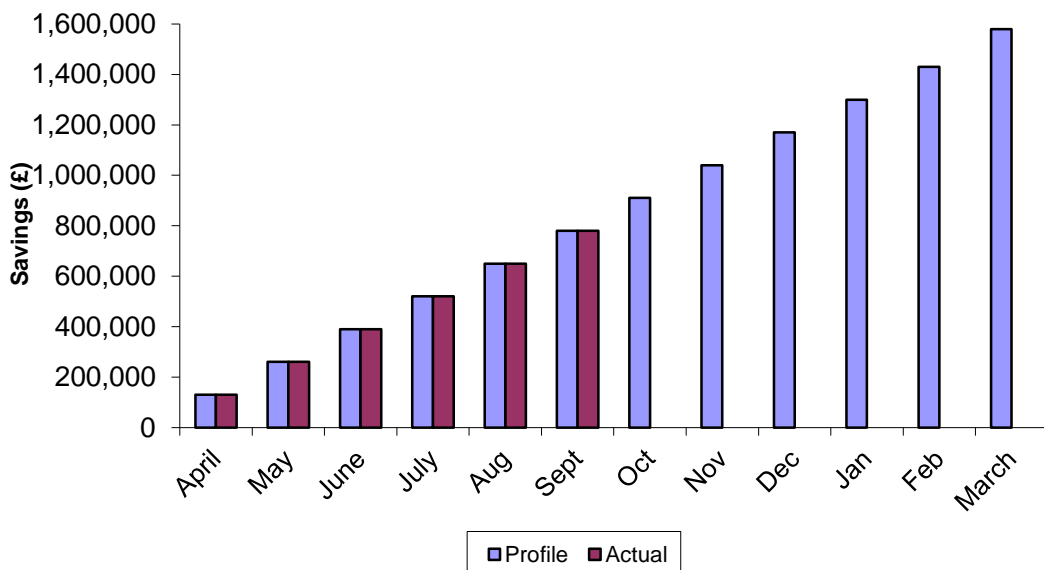
**Chart 1 - Identified Framework Savings for next Year (2015/16)**



4.4 By reference to Table 1, it can be seen from line 5 that the Council has identified ongoing budget savings of £1.579m

4.5 Chart 2 shows the actual realisation of the 'cash' savings against the target for the year. It can be seen that as well as the £1.579m having now been identified and embedded into the budget it is also on schedule in terms of its cash delivery throughout the year.

**Chart 2 - 2015/16 Savings Monitoring - Cash Realised**



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- 4.6 During the budget process, members were informed of a number of ‘big ticket’ items. These are typically items of large value that could have a disproportionate impact on the Council's budget if they moved in an adverse fashion. Consequently these are monitored very closely and members and officers may occasionally try to influence (through lobbying) any changes that may take place especially when such changes are triggered through changes in national policy. These items are included in the Councils ‘swing-o-meter’ as detailed at **Appendix A**.
- 4.7 There have been two significant changes to the original swing-o-meter, the first relates to an increase in planning fees and the second a reduction in income from lower prices for recycling commodities. These changes are summarised below and are reflected in the swing-o-meter.

|                       | <b>Original Range</b>          | <b>Projected Range</b>         | <b>Reason</b>  |
|-----------------------|--------------------------------|--------------------------------|--|
| Planning Fees         | - £200,000<br>to<br>+ £200,000 | + £200,000<br>to<br>+ £300,000 | An increase in the volume of planning applications and a number of major applications being received.        |
| Recycling Commodities | - £200,000<br>to<br>+ £100,000 | -£300,000<br>to<br>-£200,000   | A reduction in income for recycling commodities resulting from a general fall in national and global prices. |

### **GENERAL FUND – 2016/17**

- 4.8 As well as monitoring framework savings identified for 2015/16 work continues on identifying savings for the following year – 2016/17. Members are reminded of the current Medium Term Financial Forecast which required an additional £1,464,000 of savings to balance the budget in 2016/17.
- 4.9 Savings of £750,000 have previously been reported to the September Executive – this remains the same position for Octobers report although satisfactory progress is being made to identify the remaining savings required.
- 4.10 The Council’s impressive record in identifying and delivering efficiency savings over the past six years, (including the current year - 2015/16), are around **£8.360m** - as illustrated in Table 2;

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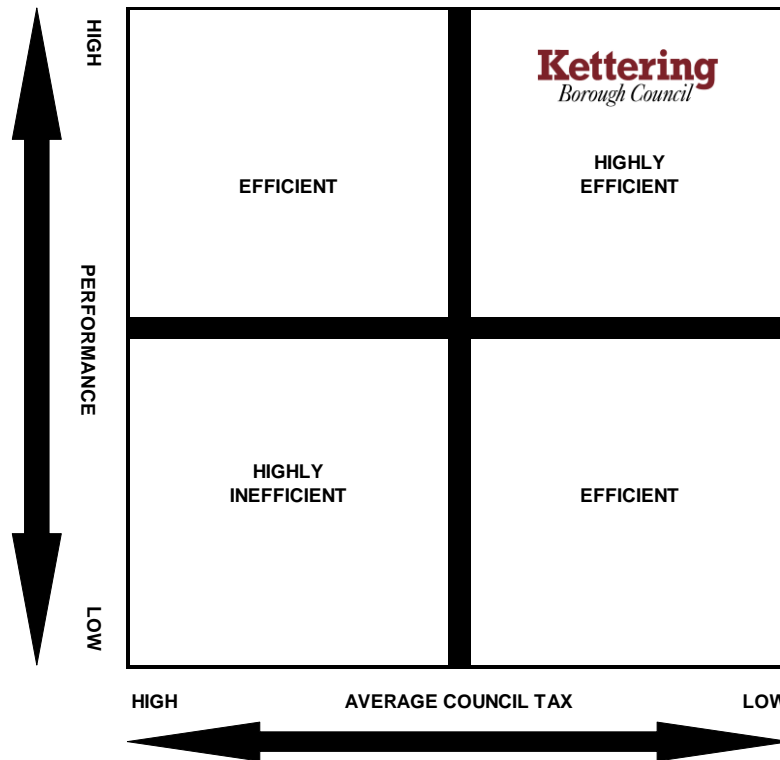
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| <b>Table 2 – Efficiency Savings</b> | <b>£000</b>  |
|-------------------------------------|--------------|
| 2010/11                             | 1,260        |
| 2011/12                             | 1,910        |
| 2012/13                             | 1,330        |
| <i>2013/14</i>                      | <i>950</i>   |
| 2014/15                             | 1,330        |
| <b>Total</b>                        | <b>6,780</b> |
| <i>2015/16</i>                      | <i>1,580</i> |
| <b>Total</b>                        | <b>8,360</b> |
| <b>% Cash Savings (Net Budget)</b>  | <b>82%</b>   |

- 4.11 The scale and delivery of this level of **efficiency savings is particularly impressive given that there has been no detrimental impact on the delivery of front line services** and when considering the increased costs of utilities and inflation levels. Over the six year period (as detailed in Table 2) the efficiency savings are equivalent to approximately **82%** of the Council’s net budget (which stands at £10.1m for 2015/16).
- 4.12 Members are reminded that **before the efficiency programme** commenced a number of years ago, the Council was charging a level of **Council tax below the national average yet delivering a level of performance that was above the national average.** Despite having to deliver efficiency savings of £8.360m in the past six years, the Council’s level of council tax charged remains below the national average and performance remains above average.
- 4.13 Members will recall the following illustration that summarises the Council’s overall position as being a ‘high performing / low cost’ local authority.

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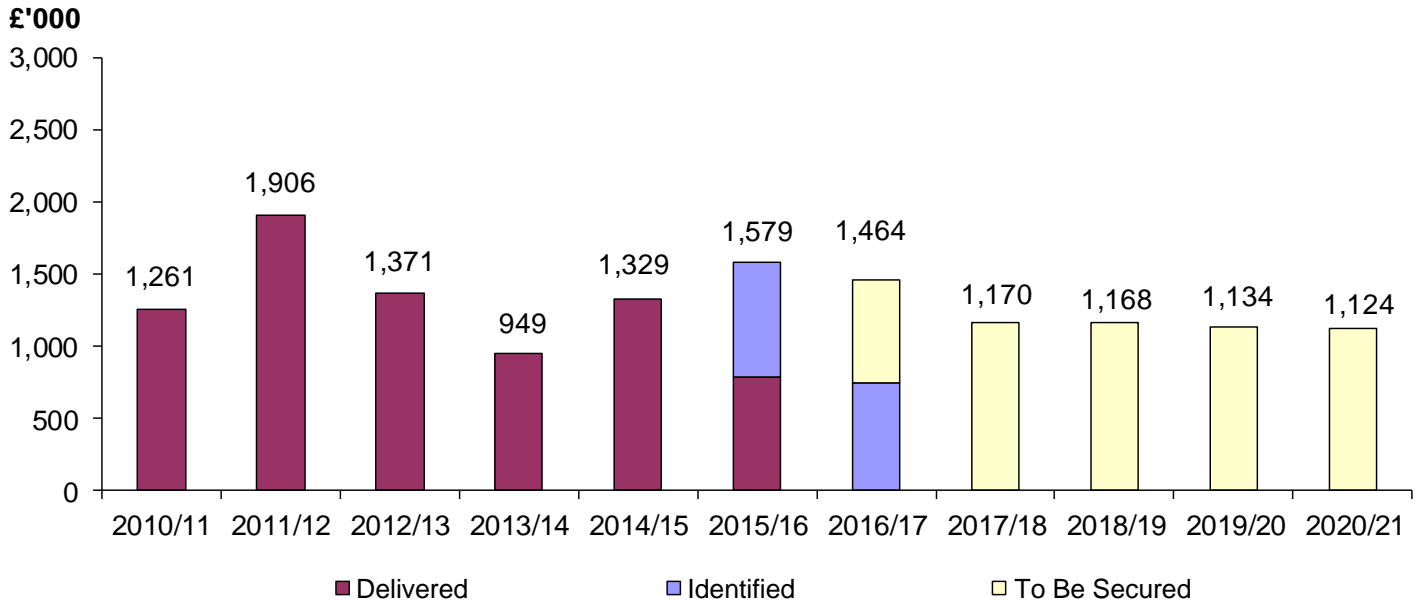


- 4.14 The above position was achieved before the Council decided to have no increase in Council Tax in 2011/12 (and before any aspirations for subsequent Council Tax freezes). Members are reminded that despite having no increase in Council Tax in 2011/12 and despite having to deliver the level of efficiency savings (as outlined in Table 2), the Council's performance in key priority areas remains 'above average'. Given this context, to maintain the Council's position as a high performing whilst being a low cost local authority has been a significant achievement and has not happened by accident.
- 4.15 As clearly outlined in previous budget reports considered by the Executive and Full Council, the best estimates of the ongoing savings targets going forward are at least of a similar scale to those already met, the following chart shows:
- Savings of £6.780m have been identified and delivered between 2010/11 – 2014/15;
  - Savings of £1.580m have been identified but need to be delivered in 2015/16;
  - Savings of around £6m need to be identified and delivered over the next five years (2016/17 – 2020/21).

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### Efficiency Savings



### HOUSING REVENUE ACCOUNT 2015/16 – CURRENT FINANCIAL YEAR

4.16 A summary of HRA monitoring at 31<sup>st</sup> August is shown in Table 3. The Housing Revenue Account is currently projected to come in around £70,000 less than budget. The main variance relates to income being around £40,000 greater than budget this results from the number of Right to Buy sales being lower than budgeted and improved void times.

| <b>Table 3 - HRA</b> | Current Budget | Projected Outturn | Variance |
|----------------------|----------------|-------------------|----------|
|                      | £'000          | £'000             | £'000    |
| Gross Expenditure    | 15,954         | 15,924            | (30)     |
| Gross Income         | (15,954)       | (15,994)          | (40)     |
| Net Expenditure      | 0              | (70)              | (70)     |

4.17 Members will recall that at last month's Executive they received an update report on Housing Finance. Work continues to be undertaken to remodel the Business Plan following recent announcements and an update on Housing Finance will be reported to a future Executive.

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### CAPITAL 2015/16 – CURRENT FINANCIAL YEAR

4.18 A summary of the projected Capital Programme outturn monitoring statement as at 31<sup>st</sup> August 2015 is shown in Table 4.

| Table 4 - Capital      | Current Budget | Projected Outturn | Variance |
|------------------------|----------------|-------------------|----------|
|                        | £'000          | £'000             | £'000    |
| <b>Expenditure</b>     |                |                   |          |
| HRA Schemes            | 4,537          | 4,527             | 10       |
| General Fund Schemes   | 3,411          | 3,011             | 400      |
|                        | 7,948          | 7,538             | 410      |
| <b>Financing</b>       |                |                   |          |
| Government Grants      | 621            | 611               | 10       |
| Prudential Borrowing   | 2,618          | 2,218             | 400      |
| Revenue Contribution   | 3,912          | 3,912             | 0        |
| Capital Receipts       | 797            | 797               | 0        |
|                        | 7,948          | 7,538             | 410      |
| <b>Net Expenditure</b> | 0              | 0                 | 0        |

4.19 The capital programme is projected to come in around £410,000 lower than budget. The main variance of £400,000 relates to the Fleet Maintenance Facility scheme which will be delivered during 2016/17.

## 5 LOCAL COUNCIL TAX SUPPORT SCHEME

### Background

5.1 A full update was provided in last month's report about the funding position of the current Council Tax Support Scheme, its history and the options available for the future.

5.2 Having considered the information, the Committee agreed to undertake a formal consultation process. Currently those affected have to pay up to 25% of the Council Tax liability. The consultation considers the following three options

**Option 1** – increase the taper based on the 'annual cost' of the Council Tax Support Scheme. The taper would need to increase to around 55% to address the funding shortfall;

**Option 2** - increase the taper based on the 'cumulative cost' of the Council Tax Support Scheme. The taper would need to increase to around 35% to address the funding shortfall;

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**Option 3** – An increase of between 35% – 55%.

- 5.3 Following the decision of the Executive a formal consultation process has now commenced and runs from 28<sup>th</sup> September – 23<sup>rd</sup> November 2015.
- 5.4 The results from the consultation (together with a commentary of associated issues and risks) will be reported to the Executive on 10<sup>th</sup> December and a final decision on the operation of the scheme will be made by Council at the scheduled December meeting or at a special meeting in January.

### **6 TREASURY MANAGEMENT – MID YEAR UPDATE**

- 6.1 The Treasury Management Policy Statement is a high level document, which defines the Council's policies and objectives of its Treasury Management activities.
- 6.2 To comply with the requirements of best practice, the Treasury Management Strategy is reported to members in advance of the forthcoming financial year, (this was approved by the Executive and Council at the February meetings) and a mid-year report that covers the following:
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy (6.3).
  - The Council's capital expenditure (prudential indicators) (6.4);
  - A review of the Council's investment portfolio, borrowing strategy and compliance with Treasury and Prudential Limits for 2015/16 (6.5 – 6.7).
- 6.3 The Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy for 2015/16 were approved by Council on 25<sup>th</sup> February 2015. There have been no policy changes to either of these strategies.
- 6.4 The current estimates for capital expenditure and financing arrangements since the capital programme was approved in February 2015 have all previously been reported to the Executive.
- 6.5 The Council's current investment and borrowing portfolios (as at 30<sup>th</sup> September 2015) are detailed in Table 5. These are in line with the Council's Treasury Management Strategy.

## BOROUGH OF KETTERING

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| <b>Table 5</b>              |                   |
|-----------------------------|-------------------|
| <b>Investment Portfolio</b> | <b>£</b>          |
| Nationwide                  | 2,000,000         |
| Santander                   | 5,422,000         |
| Lloyds                      | 3,526,000         |
| Bank of Scotland            | 5,446,000         |
| Other                       | 4,000             |
|                             | <b>16,398,000</b> |

| <b>Borrowing Portfolio</b> | <b>£</b>   |
|----------------------------|------------|
| PWLB                       | 65,903,000 |

- 6.6 The Council's projected closing capital financing requirement (CFR) for 2015/16 is £85.727m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.
- 6.7 Table 6 shows the Council has external borrowings of £65.903m and has utilised cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate.

| <b>Table 6</b>                       | 2015/16<br>Original Budget<br>£ | 2015/16<br>Current Projection<br>£ |
|--------------------------------------|---------------------------------|------------------------------------|
| Gross Borrowing                      | 65,903,000                      | 65,903,000                         |
| Other Long Term Liabilities*         | 3,701,000                       | 4,083,000                          |
| Less Investments                     | 3,769,000                       | 3,769,000                          |
| Net Borrowing                        | 65,835,000                      | 66,217,000                         |
| CFR (year end position)              | 85,623,000                      | 85,727,000                         |
| Operational Boundary (External Debt) | 91,000,000                      | 91,000,000                         |
| Authorised Limit                     | 96,000,000                      | 96,000,000                         |

\* The change in Other Long Term Liabilities relates to technical accounting adjustments for the Council's Vehicle Fleet



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### **7 BUSINESS RATES POOLING**

- 7.1 Members will recall that when the Government changed the way that the business rates national funding system operated in 2013, Kettering took a leading role in creating a Business Rates Pool for Northamptonshire and administers the Pool on behalf of the Northamptonshire authorities.
- 7.2 The Business Rates Retention Scheme took effect from 1<sup>st</sup> April 2013 and allowed authorities that experience a growth in business rates income (above treasury targets) to retain some of the money. The growth would be subject to a levy payment to the Government.
- 7.3 The pool has been successful in that it has allowed more funding to be retained locally because the 'levy' that has to be paid to the Government (on business rates growth) is lower in such an aggregate pool position.
- 7.4 Finance colleagues have been administering the pool and having analysed the numbers more growth could be retained locally that would benefit all Northamptonshire authorities.
- 7.5 In 2015/16 the composition of the Northants Business Rates Pool changed. Northampton Borough Council left the Pool and South Northants decided to join the Pool. As a result of these changes the levy payments to government were less and these changes helped contribute to the savings targets detailed in Table 1. There are no proposed changes to the composition of the Business Rates Pool for 2016/17.
- 7.6 As is often said small changes can bring about significant financial benefit – however we should not underestimate the size of the challenge in making these changes.

### **8 CONSULTATION AND CUSTOMER IMPACT**

- 8.1 None as a direct consequence of this report. However members are reminded that the formal budget consultation period is from 13<sup>th</sup> January 2016 to 24<sup>th</sup> February 2016 when the Council sets its Council Tax for 2016/17. Comments from the consultation process will be reported to the Executive for consideration at its meeting on 17<sup>th</sup> February 2016.

### **9 POLICY IMPLICATIONS**

- 9.1 None as a direct consequence of this report.

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### 10 USE OF RESOURCES

10.1 As detailed throughout this report.

### 11. RECOMMENDATIONS

That the Executive Committee;

- a. Note the continued success the Council has achieved in attracting external funding;
- b. Note the Council's Medium Term Financial Strategy and associated guiding principles;
- c. Note the Treasury Management performance for the period 1<sup>st</sup> April – 30<sup>th</sup> September;
- d. Note the Council Tax Support Consultation period will run from 28<sup>th</sup> September to 23<sup>rd</sup> November 2015.

#### Background Papers:

Title of Document: Estimate Working Papers  
Contact Officers: M Dickenson

#### Previous Reports/Minutes:

Monthly Durable Budget Reports