

## BOROUGH OF KETTERING

Committee	<b>RURAL FORUM</b>	Item 7	Page 1
Report Originator	Head of Resources Mark Dickenson	30 <sup>th</sup> January 2020	
Title	<b>DRAFT BUDGET PROPOSALS FOR 2020/21 AND MEDIUM-TERM FINANCIAL STRATEGY</b>		

### 1. PURPOSE

- 1.1 Kettering Borough Council's draft budgets for 2020/21 were considered by the Executive Committee at its meeting of 15<sup>th</sup> January 2020. The Executive endorsed the draft budgets for consultation and the formal consultation period runs from 15<sup>th</sup> January 2020 to the 26<sup>th</sup> February 2020 (when the budget is formally considered by full Council).
- 1.2 A copy of the Executive budget report, appendices and record of decisions from its meeting of 15<sup>th</sup> January 2020 can be obtained from Democratic Services or accessed via the Council Website using the following link  
[https://www.kettering.gov.uk/meetings/meeting/1804/executive\\_committee](https://www.kettering.gov.uk/meetings/meeting/1804/executive_committee)
- 1.3 The Council's medium term financial forecast as reported to the January Executive is reproduced at **Appendix A** together with supporting notes.
- 1.4 Members will be mindful of the current situation about the potential local government reorganisation in the County.
- 1.5 Whilst it is not necessary to repeat the background to this issue in this report, it is important that members understand what their statutory duties are in relation to the current budget setting process.
- 1.6 At the time of considering the draft budget proposals contained within this report, members of this council must take into account the financial projections for 2020/21 (and the subsequent medium term projections) when making decisions. Although the spectre of a new local government structure exists, at the time of making decisions, councillors must assume that the status quo will remain with regard to Kettering Borough Council and make informed decisions based upon the financial projections that are contained within this report. As such, full regard should be given to the financial estimates, pressures, business and funding risks into the medium term.
- 1.7 The purpose of the Council's formal Budget Consultation meeting held on 23<sup>rd</sup> January 2020 is to hear the views of Town and Parish Councils and any other stakeholders or residents about the draft budget. It is not the intention to re-run the Budget Consultation presentation at this meeting, however the key issues will be outlined to the Forum and it provides an opportunity to clarify any issues and make comments.

## BOROUGH OF KETTERING

Committee	<b>RURAL FORUM</b>	Item 7	Page 2 of 3
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### 2. KEY ISSUES

2.1 As outlined in the previous section, members will need to read the draft budget report (and supporting appendices). Given the amount of detail in that report, the key issues summary from that report is reproduced in the following paragraphs for ease of reference;

#### **2019/20**

2.2 The Council has continued to successfully use the 'budget delivery framework' for the delivery of efficiencies.

2.3 Since 2010, the Council will have delivered a total of £14.3m of efficiencies by the end of March 2020

#### **2020/21**

2.4 Taken in isolation, at this stage most of the **main issues** are 'known' for 2020/21. The Council's Provisional Financial Settlement for 2020/21 is £2,524,000 which is £40,000 higher than in 2019/20.

2.5 Prior to the consideration of any council tax increase, it is estimated that **£1,734,000 of 'efficiencies' will be required**. We will start 2020/21 in a similar position to 2019/20 because of the continued use of the Council's successful budget delivery framework which has resulted in the Council already having secured some of the on-going savings required for 2020/21. The remaining 'savings' have also been identified the Council will need to remain focused and stick to its Financial Golden Rules and Financial Guiding Principles if these are to be successfully delivered.

2.6 The Council's strong and controlled budgetary position is a direct result of the adherence to the guiding principles that have been diligently followed over recent years. It remains important that the guiding principles are followed if the Council is to remain in a relatively good financial position. This financial discipline is a pre-requisite of any future financial strategy.

2.7 The Council will need to ensure that it continues to look for ways of generating additional income, whilst ensuring that services continue to be delivered efficiently.

2.8 Members will need to consider the medium-term projections and associated risks when deciding a level of council tax for 2020/21. In light of these, officer advice is to consider a council tax increase to the threshold level of £5 for 2020/21 – this would yield an additional £165,000 and would help contribute to the challenging medium terms savings target.

2.9 **A capital programme of around £39m** is a significant commitment and clearly demonstrates the Council's continued strategy regarding commercial investments.

2.10 The Council uses the budget "**swingometer**" (as detailed at Appendix A – Section 1) to highlight and assess the sensitivity of the most volatile and material budgets.

## BOROUGH OF KETTERING

Committee	<b>RURAL FORUM</b>	Item 7	Page 3 of 3
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### The Medium Term

#### 2021/22 and Beyond

- 2.11 The levels of uncertainty and reductions in government funding in the medium term are very significant and should not be understated.
- 2.12 It is fair to say that the local government as a Sector has not seen such volatility and uncertainty in funding levels from the Government in recent times. The scale of these changes could see cash reductions for this Council of up to £5m over the next few years.
- 2.13 Both the resetting of the Business Rates Baseline and the review of the funding formula could have a significant impact on the Council's Medium-Term Financial Strategy.

#### Other Considerations

- 2.14 The projections in all years rest on the Executive's adherence to the "*Financial Golden Rules and Financial Guiding Principles* (para 4.6 and 4.7 of the 15<sup>th</sup> January Executive Report).
- 2.15 The assumptions within the Council's Medium-Term Financial Strategy will continue to be reviewed and amended where necessary. What will actually happen will only become clearer as time progresses.

#### Background Papers:

Title of Document:  
Contact Officer: Mark Dickenson (ext 4303)

#### Previous Reports/Minutes:

Monthly Durable Budget Reports  
Budget Consultation (Jan 20)