

Welcome to the Budget Consultation Meeting



Welcome and Introduction

What	Why	Who
Welcome and Introductions	To welcome everybody and introduce Members and Officers	Cllr Lloyd Bunday
Budget Presentation – to include; <ul style="list-style-type: none"> ◆ Budget Context ◆ General Fund ◆ Housing Revenue account ◆ Capital Programme Finance Portfolio Holder - comments	To provide a briefing on the Council’s draft budget proposals for the period 2020/21 and the key issues for the medium term.	Mark Dickenson Dean Mitchell Jo Haines Cllr Lloyd Bunday
General Question and Answer Session about Council priorities, policies and ambitions for the area.	To provide an opportunity to debate with members on key policy issues	Members - to answer questions about objectives, policy, priorities Officers - to answer questions on any technical issues

Please send budget consultation responses to markdickenson@kettering.gov.uk

Budget Context



The Council's Draft Budget 2020/21



Housing Revenue Account

Covers: Day to day expenditure and income relating to being a landlord of Council Houses

£15.4m

Funding sources: Council House Rents



General Fund Account

Covers: Day to day expenditure and income on everything that is not to do with Council Housing

£60.7m

Funding sources: Fees & Charges / Govt Grant / Council Tax



Capital Programme

Covers: Expenditure on acquiring, maintaining, enhancing assets

£39.2m

Funding sources: Govt Grant, capital receipts / external contributions / RCCO / borrowing

£115.3m

General Fund Account

Covers:

Day to day expenditure and income on services other than Council Housing



Funding sources: Fees & Charges / Govt Grant / Council Tax



Housing Revenue Account

Covers:

Day to day expenditure and income relating to being a Council Housing landlord



*Funding sources:
Council House Rents*



Capital Programme

Covers:

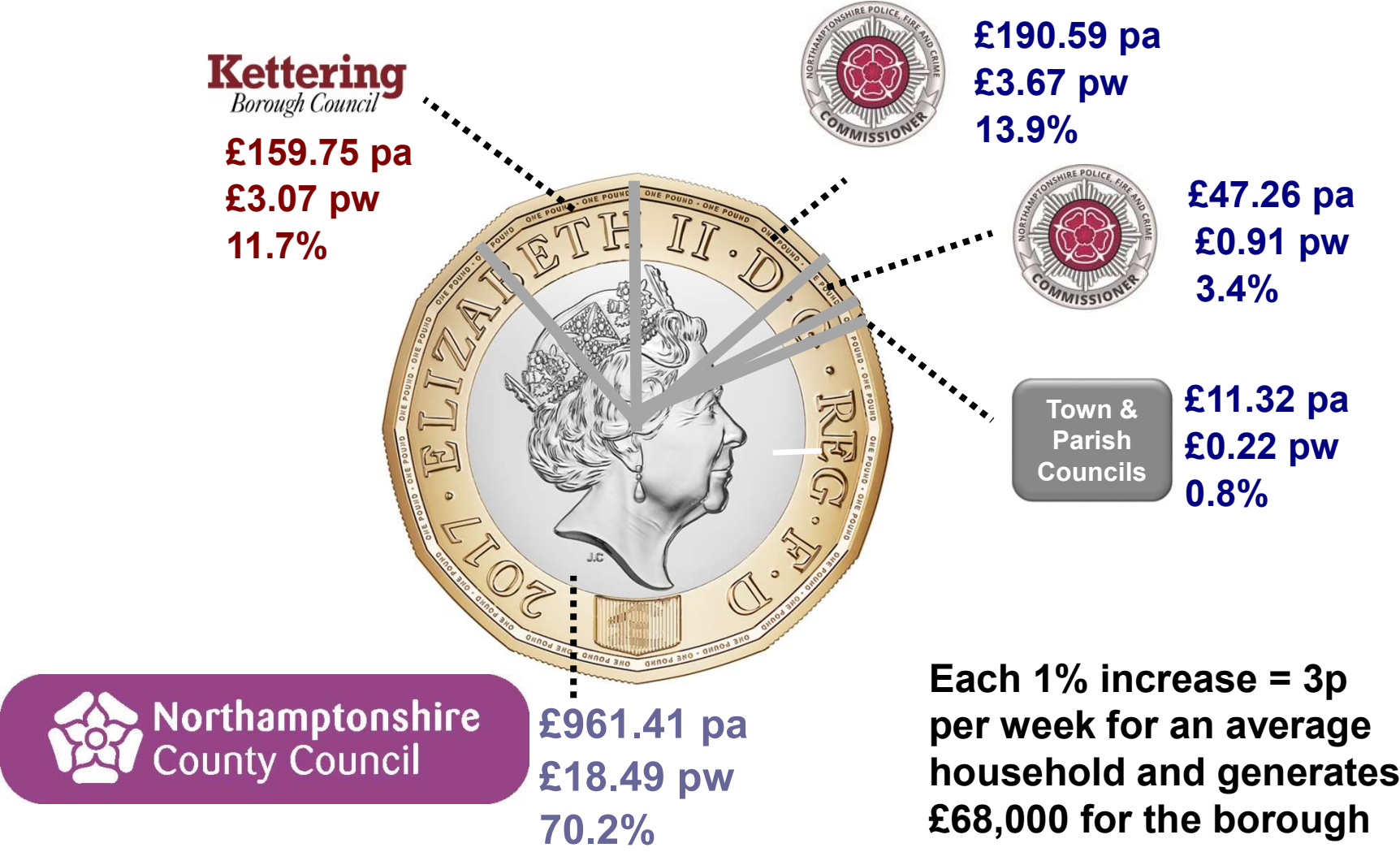
Expenditure on acquiring, maintaining, enhancing assets



Funding sources: Govt Grant / borrowing / capital receipts / external contributions



Council Tax: we keep how much?



Each 1% increase = 3p per week for an average household and generates £68,000 for the borough

Figures based on Band B (the average property band in Kettering)

Business Rates: we keep how much (2019/20)?

Kettering
Borough Council

£2.5m

8%



Total Business
Rates Collected

£32m

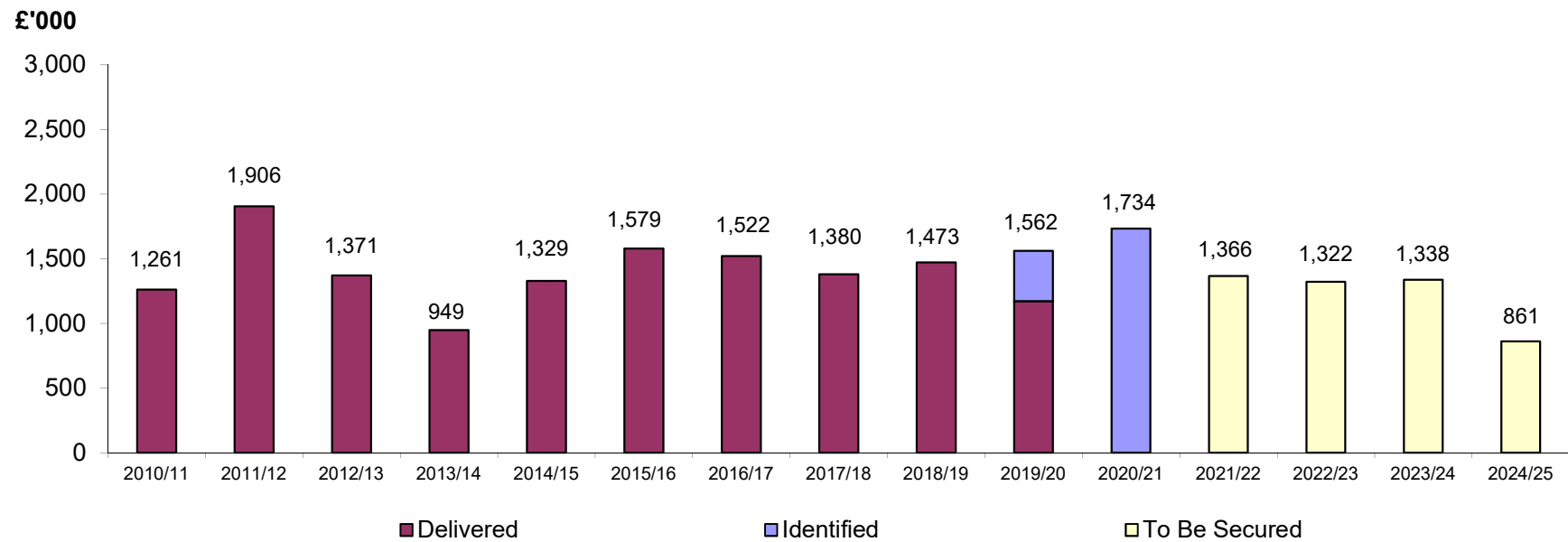
Kettering
Borough Council



Medium Term Financial Forecast – Jan 2020

TABLE 2 - MEDIUM TERM FINANCIAL FORECAST		(Item 10 Page 11)					
		Current Spending Round		Future Spending Review Period			
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		£000	£000	£000	£000	£000	£000
1	Net Council Budget	11,118	11,148	10,883	10,942	11,062	10,692
2	Forecast Resources:						
	Government Grant						
2a	Revenue Support Grant	0	0	0	0	0	0
2b	Business Rates	(2,484)	(2,524)	(2,524)	(2,524)	(2,524)	(2,524)
	Total Government Grant	(2,484)	(2,524)	(2,524)	(2,524)	(2,524)	(2,524)
	Council Tax / Coll'n Fund	(350)	(100)	(100)	(100)	(100)	(100)
	Income From Council Tax	(6,722)	(6,790)	(6,893)	(6,996)	(7,100)	(7,207)
	Total Resources	(9,556)	(9,414)	(9,517)	(9,620)	(9,724)	(9,831)
3	Budget (Surplus) / Deficit	1,562	1,734	1,366	1,322	1,338	861
4	'efficiencies' Identified	(1,562)	(1,734)	0	0	0	0
5	'efficiencies' - To be Identified	0	0	(1,366)	(1,322)	(1,338)	(861)
6	Budget (Surplus) / Deficit	0	0	0	0	0	0
GENERAL FUND WORKING BALANCE							
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		£000	£000	£000	£000	£000	£000
7	Estimated Opening Balance	1,415	1,415	1,375	1,375	1,375	1,375
8	Town Centre Initiatives	0	40	0	0	0	0
9	Estimated Closing Balance	1,415	1,375	1,375	1,375	1,375	1,375

Efficiency Savings



General Fund 2019/20

Table 4 – Composition of Efficiencies (Item 10 Page 14)

Framework	Efficiencies	£000	%
Commercial Investments	Income from Commercial Investments	500	32
Lobbying / Growth	Business Rates Income	400	26
Staff / Innovation	Treasury Management Income	280	18
Partnerships	Joint Working	110	7
Lobbying / Growth	Homelessness Grant	83	5
Lobbying / Growth	New Homes Bonus	67	4
Fees and Charges	Crematorium Income	28	2
Fees and Charges	Recycling Credits	22	1
Various	Other	72	5
		1,562	100


General Fund 2019/20

◆ Key Messages


Despite a challenging financial environment and an increase in demand for services

- ◆ KBC Council Tax remains around £3 per week for the average household. – After 9 years of freezing Council Tax
- ◆ The Council has maintained a balanced budget without cutting front line services or using one-off reserves

◆ General Fund

- ◆ Identified Savings = £1,562,000
- ◆ Savings being successfully delivered 
- ◆ In year pressures / Savings

General Fund 2020/21

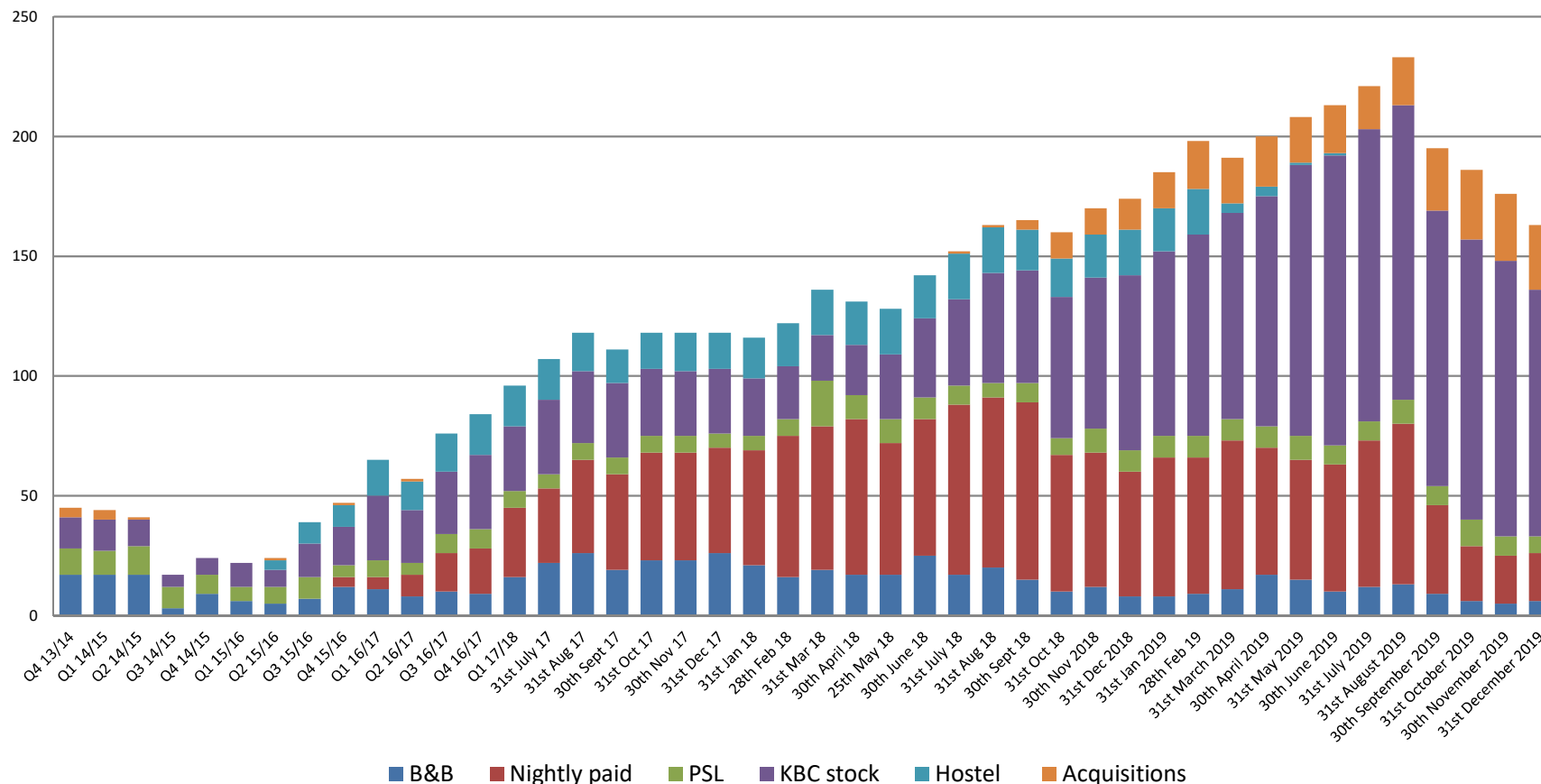
- ◆ 2020/21 Efficiency Savings Target = £1.734m
- ◆ Efficiencies Savings Identified in full 

Main Service Pressures / Risks

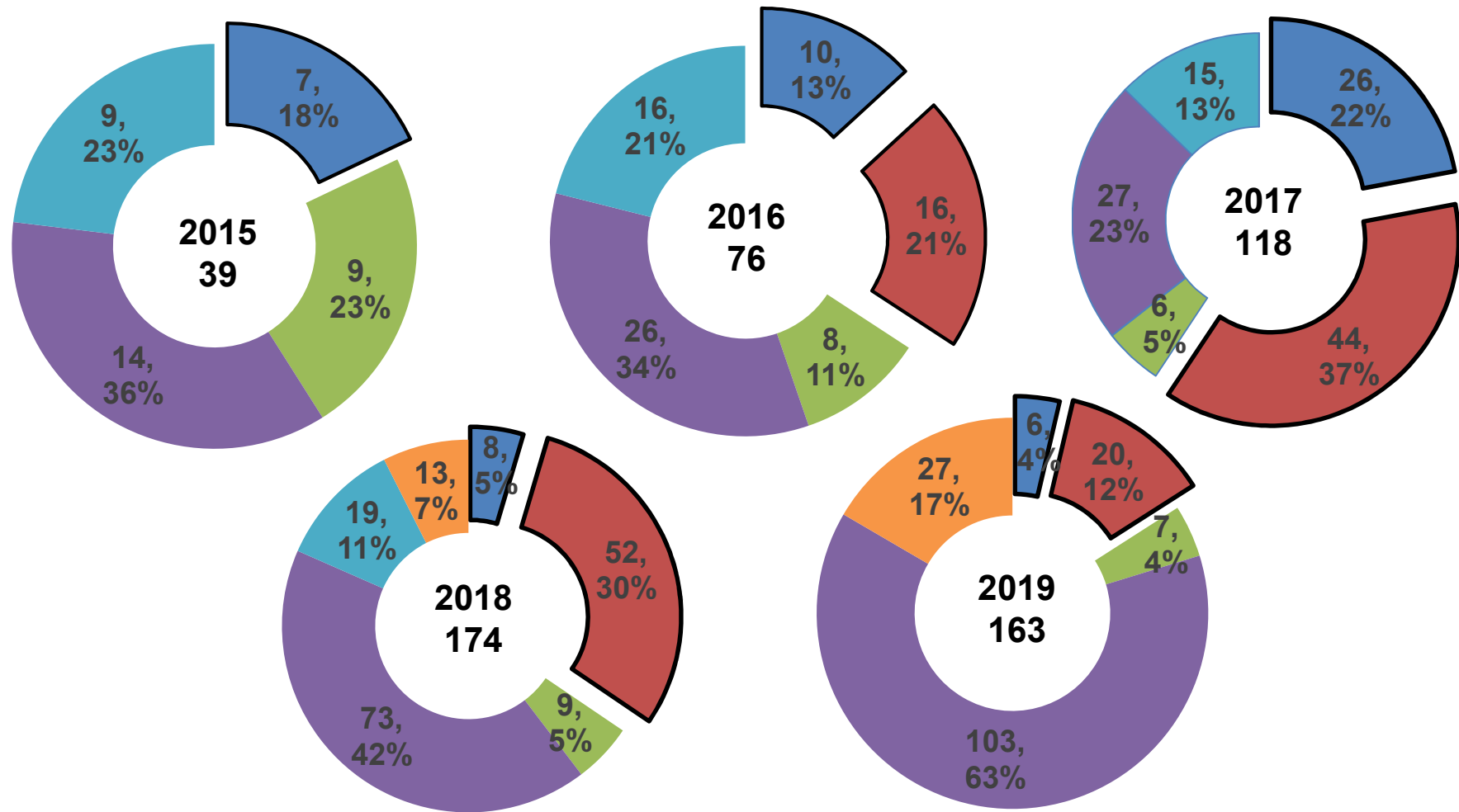
- ◆ Homelessness
- ◆ Recycling
- ◆ Local Government Grant Funding
- ◆ Swing-o-meter (Appendix A – Page 48)

Homelessness

Number of households in Temporary Accommodation



Homelessness



- B&B
- PSL
- Hostel
- Nightly paid
- KBC stock
- Acquisitions

Recycling

- ◆ Volatile Market Conditions
- ◆ Global Issue
- ◆ KBC Approach
- ◆ Provision

Local Government Grant Funding

Table 9 – Local Government Finance Settlement (Item 10 Page 20)			
Funding	2019/20 £000	Provisional Settlement £000	Change £000
Business Rates	(2,484)	(2,524)	(40)
RSG	0	0	(0)
Total	(2,484)	(2,524)	(40)

General Fund 2020/21

Table 7 – Composition of Efficiencies (Item 10 Page 18)

Framework	Efficiencies	£000	%
Commercial Investments	Income from Commercial Investments	500	29
Staff / Innovation	Treasury Management Income	385	22
Lobbying / Growth	Business Rates Income	200	12
Lobbying / Growth	New Homes Bonus	233	13
Partnerships	Recycling	150	9
Lobbying / Growth	Homelessness Grant	50	3
Staff / Innovation	IT Communication Lines	40	2
Fees & Charges	Planning Income	30	2
Fees & Charges	Recycling Credits	30	2
Various	Other	116	6
		1,734	100

Composition of Efficiencies

Table 8 – Identified Efficiencies (Item 10 Page 18)	2019/20		2020/21	
	£000	%	£000	%
Lobbying / Growth	(550)	35	(483)	28
Fees and Charges	(70)	5	(133)	7
Staff Suggestions / Service Plan / Innovation	(282)	18	(468)	27
Partnerships	(160)	10	(150)	9
Commercial Investments	(500)	32	(500)	29
Total Identified Framework Savings	(1,562)	100	(1,734)	100

Fees & Charges

Table 12 – Fees & Charges (Item 10 Page 27)				
Fee Area	Fee Change	Fee narrative	Budget Impact	Budget Narrative
Household & Clinical Waste Collection	Various	Minor Changes to account for increase in service delivery costs e.g. salaries, fuel and insurance. Also brings in line with Corby Borough Council due to the shared Street Scene Service	£0	Small movement therefore no budget impact
Land Charges and Pre-application Fees	Various	A review carried out of other Local Authorities in the East Midlands Region and KBC prices adjusted accordingly to reflect the increasing cost in services	£0	Demand difficult to predict – fee increase not reflected in the base budget
Garage Charges & Traveller Ground Rent	CPI + 1%	Raised by CPI + 1%	£10,000	Increase in budget reinvested into garage maintenance
Licences	Various	Fees are set by the Central Licencing Unit (CLAU) hosted by East Northants. Fees are reviewed in line with costs.	£0	Demand difficult to predict – fee increase not reflected in the base budget

General Fund – Medium Term Prospects



Medium Term Financial Efficiencies

Table 10 – Medium Term Financial Efficiencies (Item 10 Page 24)	November Executive	Current MTFS	Difference
	£000	£000	£000
2021/22	1,078	1,366	288
2022/23	1,201	1,322	121
2023/24	1,128	1,338	210
2024/25	1,055	891	(194)
Total Efficiencies – to be secured	4,462	4,887	425

General Fund Medium Term Prospects

- ◆ Fair Funding Review
- ◆ Business Rates Retention
- ◆ New Homes Bonus

General Fund Medium Term Prospects

- ◆ Fair Funding Review
 - ◆ Relative Needs
 - ◆ Relative Resources
 - ◆ Transitional

General Fund Medium Term Prospects

- ◆ **Business Rates Retention**
 - ◆ 2021/22 Baselines reset
 - ◆ Pilot 75% BRR

General Fund

Medium Term Prospects

- ◆ **New Homes Bonus**
 - ◆ 2021/21
 - ◆ Payments for 4 years
 - ◆ Baseline 0.4%
 - ◆ 2021/22
 - ◆ NHB will only be paid for 2 years (2018/19 and 2019/20)
 - ◆ 2022/23
 - ◆ NHB will only be paid for one year (2019/20)

General Fund Medium Term Prospects

◆ Council Tax

- ◆ No incentive from Central Government to freeze Council Tax
- ◆ Referendum Limits - the greater of £5 or 2%



Housing Revenue Account

- ◆ **2019/20** (para 6.5 to 6.6)
 - ◆ Generally on budget
 - ◆ Income
 - ◆ Void levels

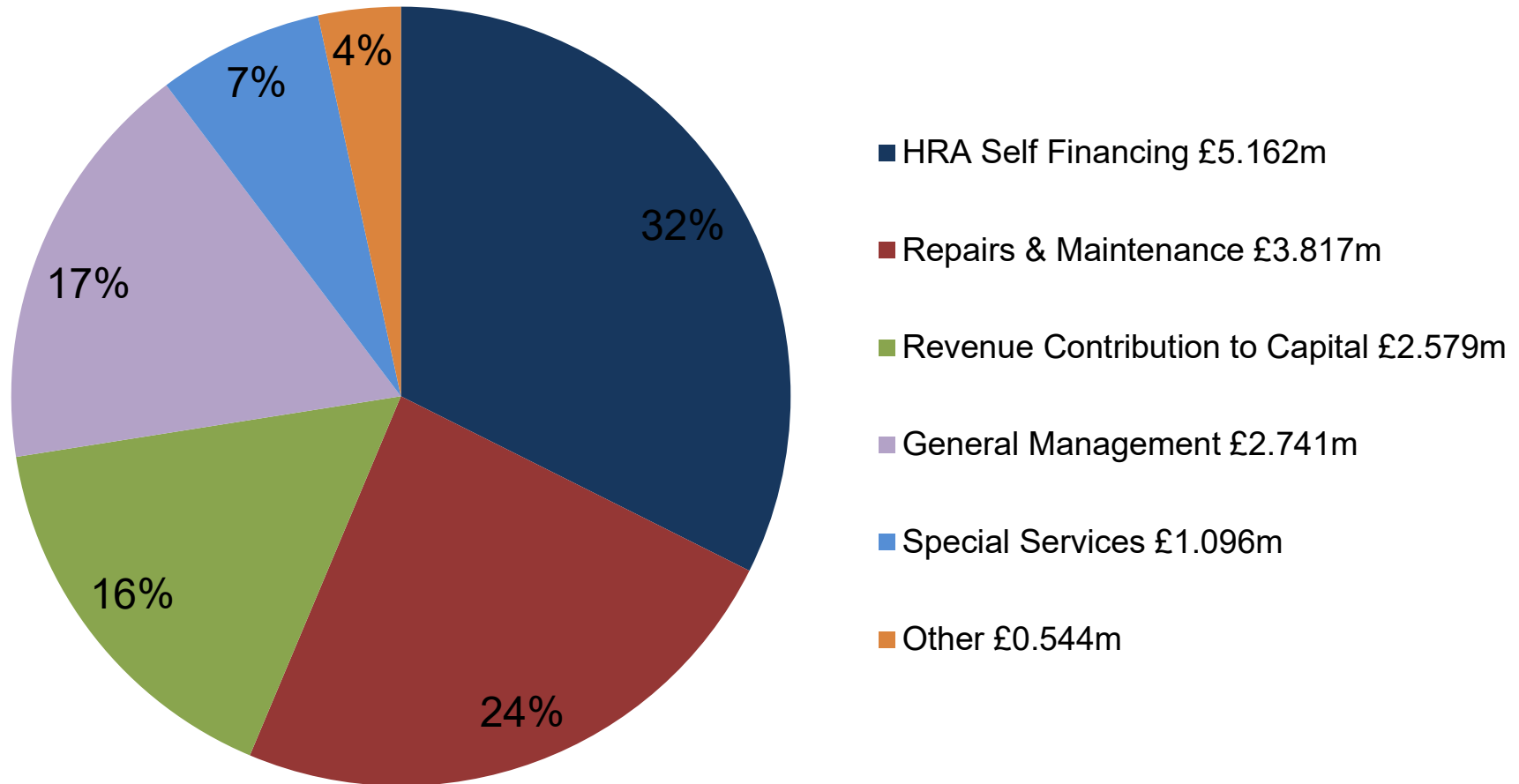
Housing Revenue Account

- ◆ **2020/21 and Medium Term** (para 6.7 to 6.15)
 - ◆ Draft balanced budget
 - ◆ Recommendation to be made by the Tenants Forum on 6th Feb to Executive regarding rent levels.
 - ◆ Rent 2020/21 – Sept CPI 1.7% + 1% = 2.7%
 - ◆ Previous Rent Levels – 1% Reduction (per Government Policy)
 - ◆ £5m taken out of HRA in cash terms (16/17 – 19/20)
 - ◆ £65m taken out over the 30 year business model

Housing Revenue Account

Table 15 – Changes in Rent Levels (Item 10 Page 30)	
Description	£'000
Rent Increase (2.7% - 1% plus 1.7% Sept CPI)	(402)
Loss of 1 Weeks Rent (53 Week Year in 2019/20)	286
Additional 7 Properties (Montrose House)	(22)
Reduction in Void Levels from 2% to 1.9%	(15)
RTB Sales	50
Total Increase in Rent from 2019/20 to 2020/21	(103)

HRA Budget 2020/21





Capital Programme

Capital Programme

- ◆ **2019/20** (para 7.1 to 7.4)
 - ◆ Capital Programme £56.3m
 - ◆ Main changes (para 7.2)
 - ◆ Timing of HRA New Build

Capital Programme

- ◆ **2020/21 and Medium Term**
 - ◆ 2020/21 Draft Capital Programme £39.2m
 - ◆ Commercial Investments
 - ◆ Homelessness Prevention
 - ◆ Investment in Housing Stock
 - ◆ High Street - Heritage Action zone
 - ◆ Indicative Programme 2021/22 – 2024/25 is between £27m and £33m per annum