

Welcome to the Budget Consultation Meeting



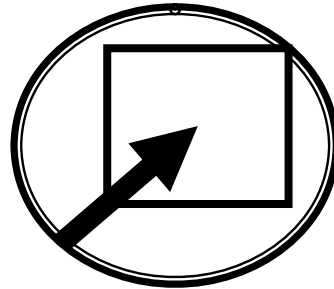
26th January 2012

What	Why	Who
Welcome and Introductions	To welcome everybody and introduce Members and Officers	Cllr Alison Wiley
Budget Presentation – to include; <ul style="list-style-type: none"> a. Context b. Executive Report c. Summary There will be interactive questions throughout the presentation	To provide a comprehensive technical briefing on the Council's draft budget and the key issues.	Officers
General Question and Answer Session about Council priorities, policies and ambitions for the area, including; <ul style="list-style-type: none"> a. Budget Guiding Principles b. Modelling for Recovery c. Budget Containment Strategies 	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)
Thank you for attending	To conclude the meeting	Cllr Alison Wiley
Close of Meeting		

How to work the keypad



- ◆ Turn on the hand set with the button in the bottom left corner



How to work the keypad



- ◆ Wait till you see the battery symbol appear in the window at the top



How to work the keypad



- ◆ When asked use the A,B,C or D buttons to select your answer
- ◆ The answer will briefly appear on the handset screen
- ◆ You can change your mind!

What is Kettering Borough Council's Annual Gross budget?

A. £14m

B. £40m

C. £72m

D. £7m

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C. £72m

D. £7m

Budget Context

- ◆ Turnover £72m per year
- ◆ Companies Act = Large Company
- ◆ Over 100 services to over 100,000 people
- ◆ Third largest business in the Borough

How we spend our money



**General
Fund
Account
£52.0m**



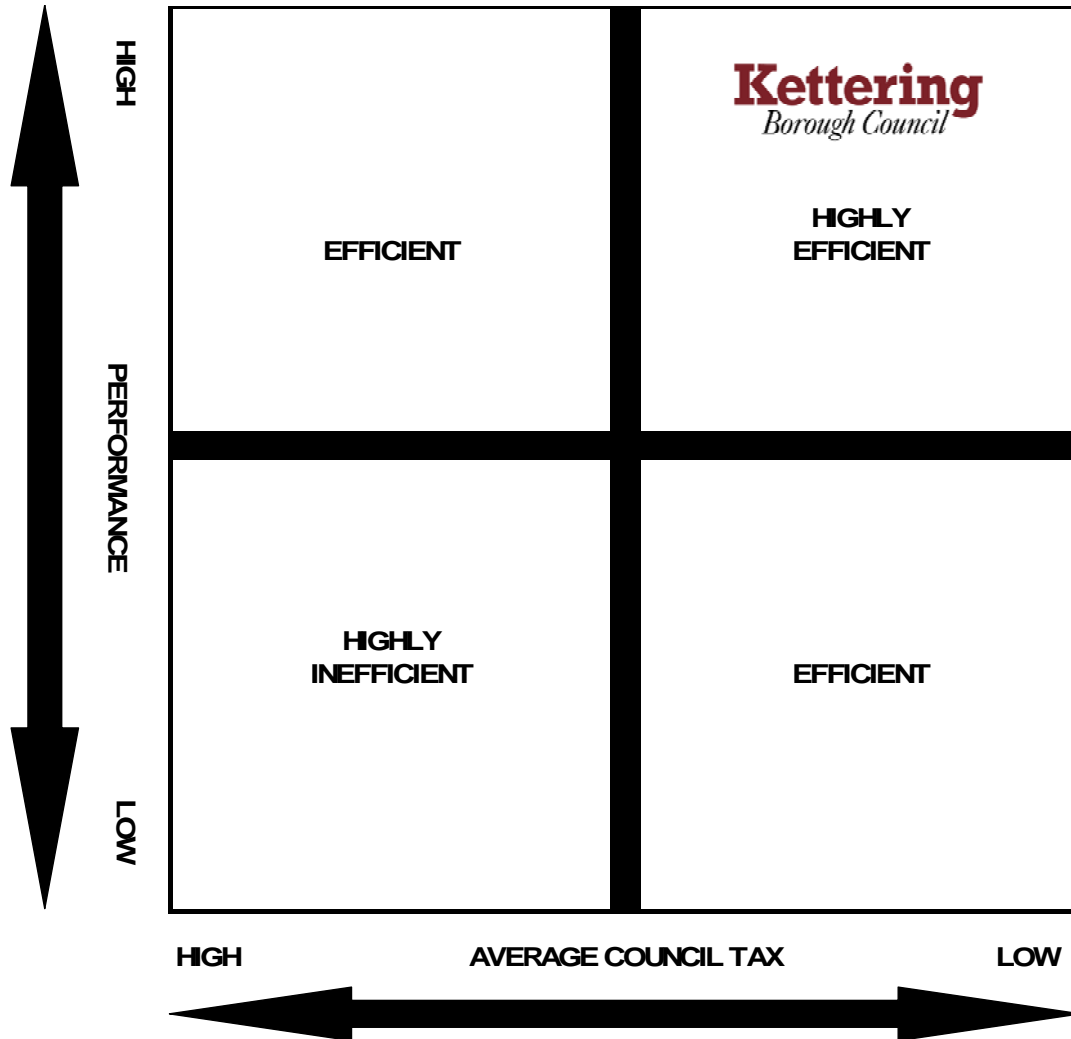
**Housing
Revenue
Account
£14.3m**

£71.8m



**Capital
Programme
£5.5m**

Budget Context



How much is the average weekly Council Tax for Kettering Borough Council?

A. £ 3.07

B. £15.38

C. £21.34

D. £32.48

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B. £15.38

C. £21.34

D. £32.48

Council Tax: we keep how much?



£150.27 pa
£2.89 pw
14%

Kettering
Borough Council

£159.75 pa
£3.07 pw
14%



Northamptonshire
County Council

£799.64 pa
£15.38 pw
72%

Each 1% increase = 3p
per week for an average
household and generates
£65,000 for the borough

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

Kettering
Borough Council

Compared to other councils in the country is Kettering Borough's Council Tax?

A. One of the most expensive

B. Above the average

C. Below the average

D. One of the cheapest

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BOROUGH OF KETTERING

Committee	EXECUTIVE	Item ID	Page 1
Report Originator	SMI	Fwd Plan Ref No: A10/001	
Wards Affected	All	18 January 2012	
Title	BUDGET PROPOSALS FOR 2012/13 AND PREPARING FOR THE MEDIUM TERM		

Portfolio Holder: Cllr A Wiley

1 PURPOSE OF REPORT

The purpose of this report is to:

- a) outline the draft budget figures for the Council's three main accounts for 2012/13 (to start the formal budget consultation process)
- b) consider the main issues that are likely to impact on the Council's budgets in the medium term
- c) provide an illustration of the Council's medium term financial projections.

2 CONTENTS

2.1 To help Members navigate this report, it contains the following four sections:

Section A (pages 2 to 21) – Provides the detail to the current years budget position (2011/12) and the 2012/13 draft budget with specific reference to the following:

Context / Background	Page 3
Guiding Principles	Page 4
Policy Position	Page 7
2011/12 Budgets – latest estimates	Page 8
2012/13 Draft Budgets	Page 12

Section B (pages 22 to 27) – Provides details to the following technical aspects of the budget process:

National Economic Indicators	Page 22
Local Government Grant Settlement	Page 23
Resource Review – Business Rates	Page 24
Localisation of Council Tax Benefit	Page 26

Golden Rules

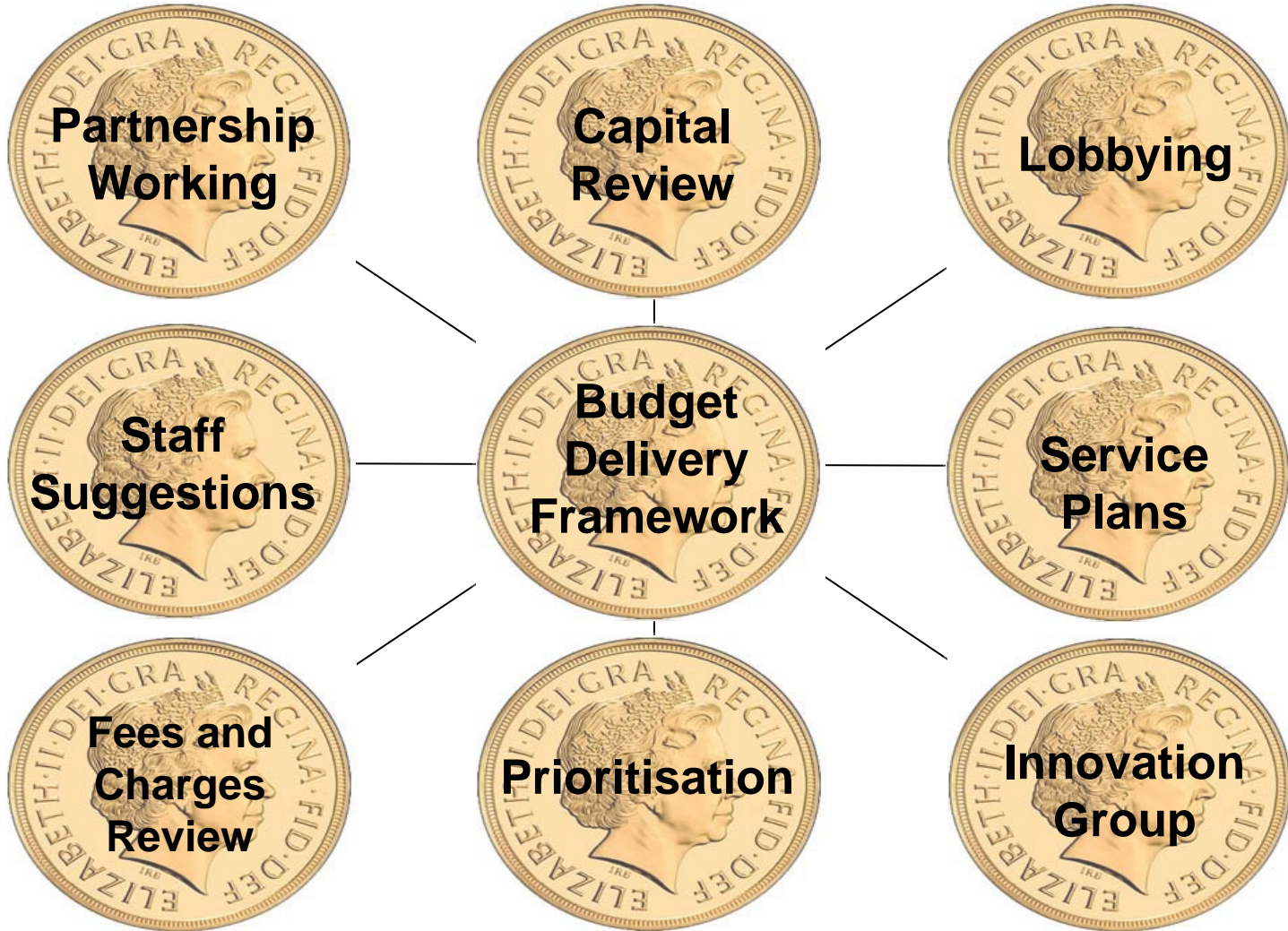
- ◆ Financial Strategy Guiding Principles
(para 3.6, page 4)
- ◆ Modelling for Recovery Principles
(para 3.8, page 5)
- ◆ Budget Containment Strategy
(para 3.9, page 6)

Budget Context

- ◆ 'Being Prepared'
 - ◆ Strategic Financial Capacity
 - ◆ Anticipating and Influencing
 - ◆ Well motivated and flexible workforce

- ◆ 'Staying Focused'
 - ◆ Sticking to budget guiding principles
 - ◆ Budget approach that suited KBC
 - ◆ Finding innovative methods of service delivery

Budget Delivery Framework



Current Year (2011/12)

- ◆ **General Fund**
(para 5.2 to 5.15)
- ◆ **Capital Programme**
(para 5.16 to 5.19)
- ◆ **Housing Revenue Account**
(para 5.20 to 5.21)

What savings did the Council need to achieve for 2011/12?

A. £ 258,000

B. £ 777,000

C. £1,261,000

D. £1,906,000

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Budget Monitoring 2011/12

Table 3 - Analysis of Framework Savings 2011/12	Staff Suggestion / Service Plan / Innovation	Fees & Charges	Partner ships	Capital Review	Lobb ying	Prioriti sation	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staffing & Staff Related	(599)		(51)	(8)			(658)
Premises	(22)		(18)	(9)			(49)
Operating Costs	(244)		(95)	(12)	(72)		(423)
Total Expenditure Savings	(865)	0	(164)	(29)	(72)	0	(1,130)
Income	(74)	(185)		(100)	(417)		(776)
Total Savings	(939)	(185)	(164)	(129)	(489)	0	(1,906)

Budget Monitoring 2011/12

- ◆ Original savings target of £1.906m successfully being delivered
- ◆ In addition, a further £750,000 of in-year cash savings (early delivery of next years savings and a number of one-off cash items)
- ◆ Cash savings in excess of original £1.906m target to be transferred to smoothing reserves

Service Pressures

- ◆ Housing and Council Tax Benefits (para 6.10)
- ◆ Welfare Reform (para 6.11)
- ◆ Homelessness (para 6.12)
- ◆ Utilities Costs (para 6.13)
- ◆ Planning Fees (para 6.14)

Capital Programme

- ◆ Town Centre Regeneration
- ◆ Crematorium
- ◆ A Capital Programme in excess of £5.5m

Draft Budget (2012/13)

- ◆ **General Fund**
(para 6.3 to 6.16)
- ◆ **Capital Programme**
(para 6.17 to 6.26)
- ◆ **Housing Revenue Account**
(para 6.27 to 6.37)

What savings does the Council need to achieve for 2012/13?

A. £500,000

B. £900,000

C. £1,300,000

D. £1,900,000

What savings does the Council need to achieve for 2012/13?

A. £500,000

B. £900,000

C. £1,300,000

D. £1,900,000

How much has our 'core government grant'
reduced by for 2012/13 ?

- A. £158,000
- B. £415,000
- C. £680,000
- D. £1,261,000

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A. £158,000

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Estimated Position to 31/03/2013

Table 7 - Estimated Position to 31/03/2013			
		2011/12	2012/13
		Forecast £000	Forecast £000
1	Net Council Budget	13,928	12,708
2	Forecast Resources:		
	Central Government Grant	(5,464)	(4,784)
	Council Tax / Coll'n Fund	(25)	(25)
	Income From Council Tax	(6,389)	(6,411)
	<i>Total Resources</i>	(11,878)	(11,220)
3	Budget (Surplus) / Deficit	2,050	1,488
4	Council Tax Grant	(158)	(158)
5	Budget Frameworks	(1,906)	(1,330)
6	Savings - To be secured	0	0
7	Budget (Surplus) / Deficit	(14)	0
GENERAL FUND WORKING BALANCE			
		2011/12	2012/13
		£000	£000
8	Estimated Opening Balance	(1,415)	(1,429)
	Budget (Surplus) / Deficit	(14)	0
9	Estimated Closing Balance	(1,429)	(1,429)

Identified Framework Savings 2012/13

	£000
Staff Suggestions / Service Plan / Innovation	(515)
Lobbying	(290)
Capital Review	(247)
Fees and Charges	(234)
Partnerships	(44)
Total Identified Framework Savings	(1,330)

What level of efficiency savings have KBC had to achieve since 2010/11 including the year under consideration (2012/13)?

A. £777,000

B. £1,906,000

C. £3,170,000

D. £4,500,000

What level of efficiency savings have KBC had to achieve since 2010/11 including the year under consideration (2012/13)?

A. £777,000

B. £1,906,000

C. £3,170,000

D. £4,500,000

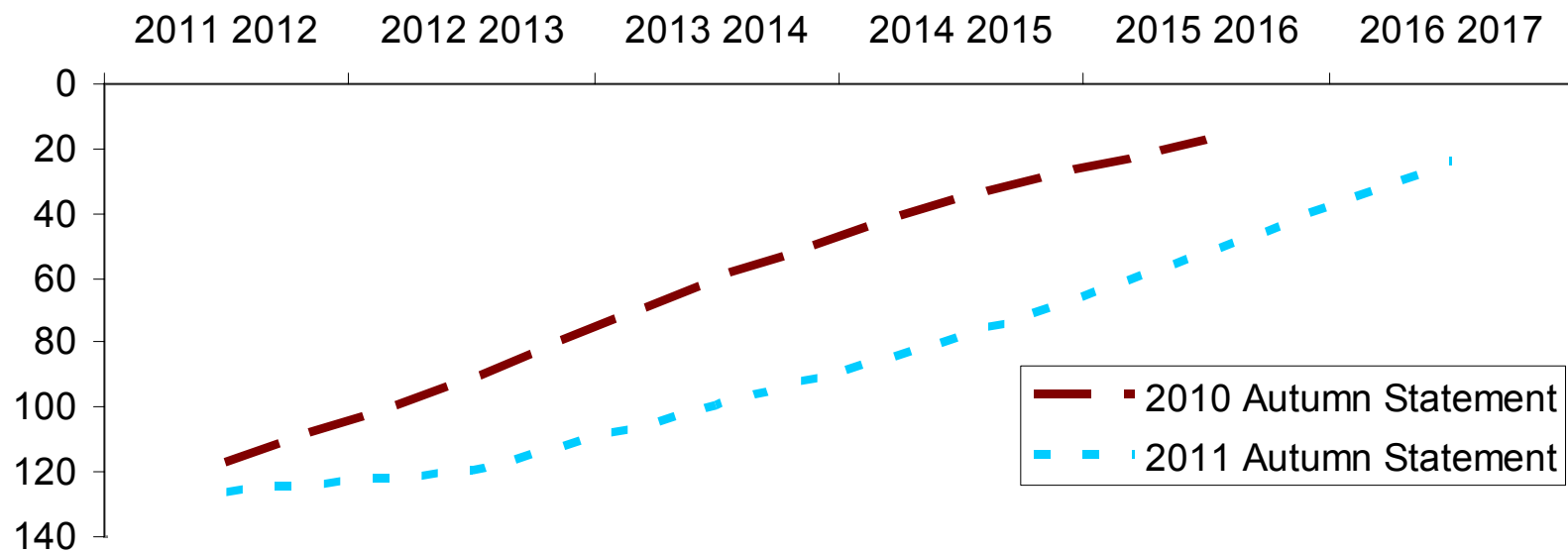
Efficiency Savings

Table 4 – Efficiency Savings	£000
2010/11	1,260
2011/12	1,910
2012/13	1,330
Total	4,500
Cash Savings (%)	40%

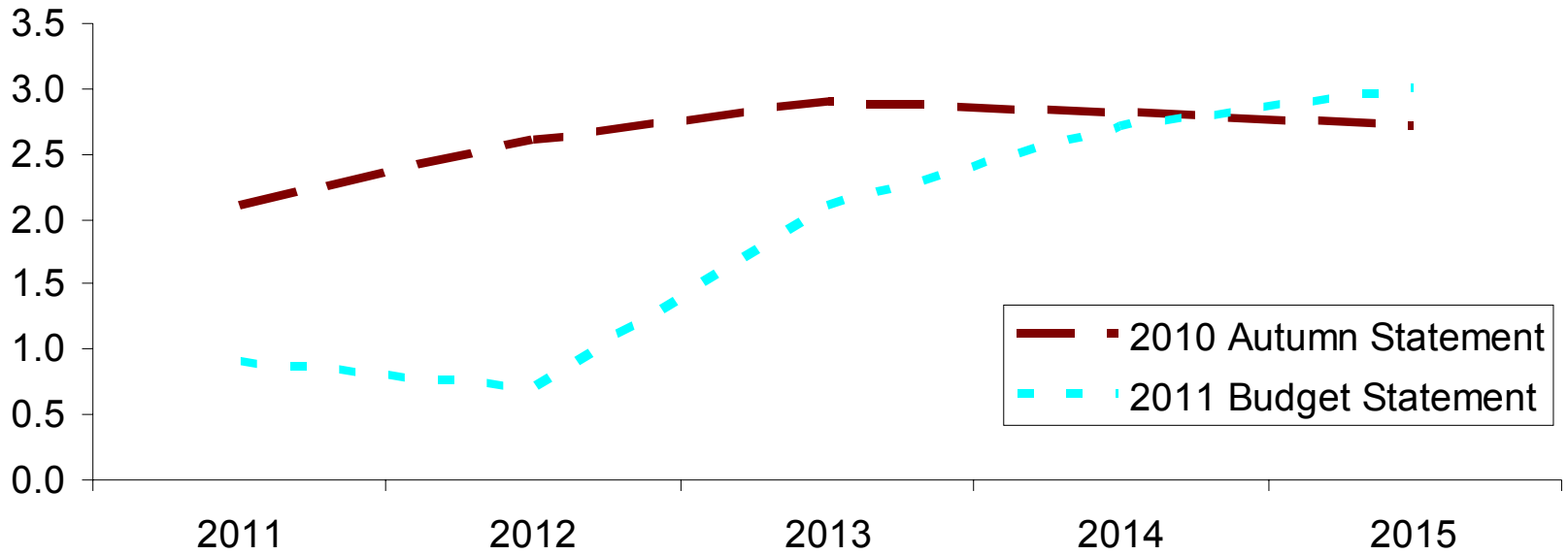
Looking Ahead

‘The Medium Term’

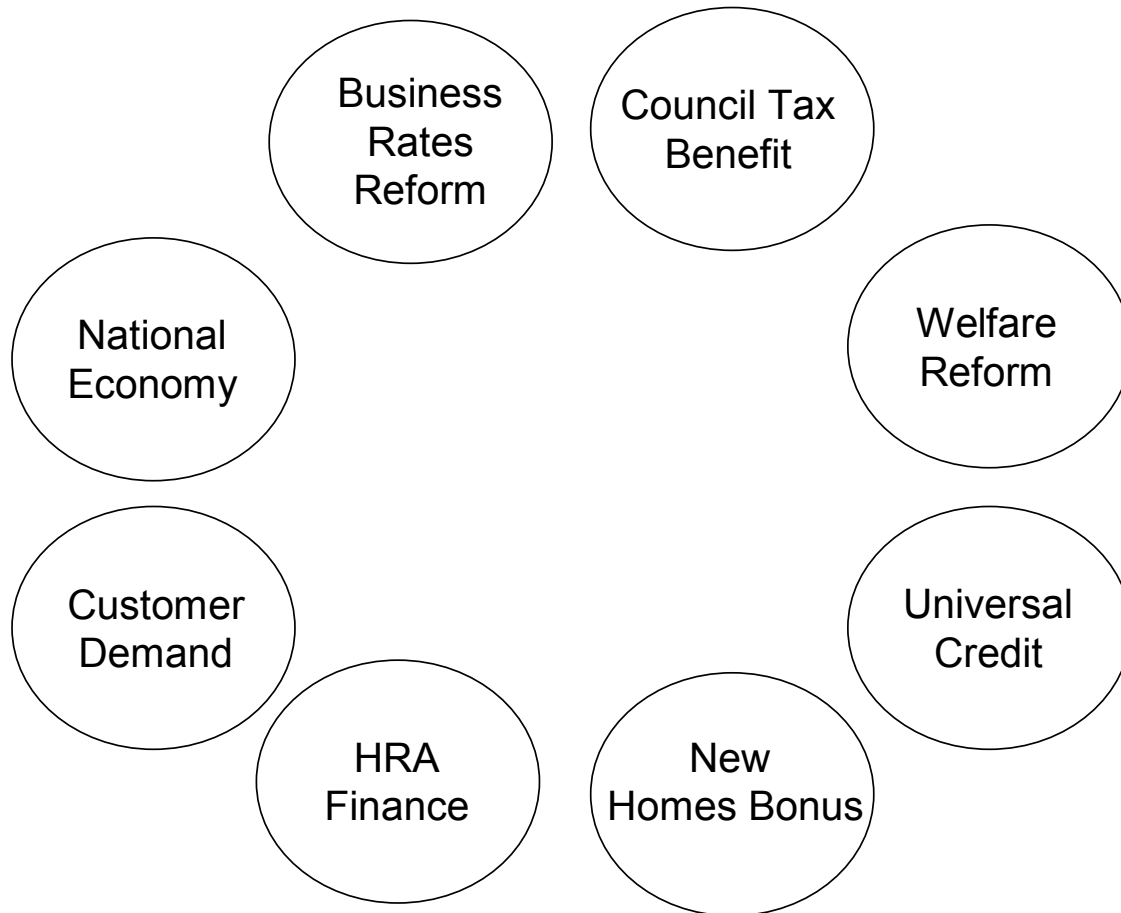
Public Sector Net Borrowing



GDP Growth



Financial Tectonic Plates



Business Rates – Who sets national business rates?

A. KBC

B. Inland Revenue

C. Central Government

D. CBI

Business Rates – Who sets national business rates?

A. KBC

B. Inland Revenue

C. Central Government

D. CBI

Business Rates – Under the Government's new proposals, who will set business rates in the future?

A. KBC

B. Inland Revenue

C. Central Government

D. CBI

Business Rates – Under the Government's new proposals, who will set business rates in the future?

A. KBC

B. Inland Revenue

C. Central Government

D. CBI

Council Tax Benefits – who currently sets and funds the scheme ?

A. KBC

B. Inland Revenue

C. Central Government

D. NCC

Council Tax Benefits – who currently sets and funds the scheme ?

A. KBC

B. Inland Revenue

C. Central Government

D. NCC

Council Tax Benefits – who will be responsible for the scheme in the future ?

A. KBC

B. Inland Revenue

C. Central Government

D. NCC

Council Tax Benefits – who will be responsible for the scheme in the future ?

A. KBC

B. Inland Revenue

C. Central Government

D. NCC

Council Tax Benefits – how much will national funding be reduced from April 2013?

- A. Nothing, it will be increased
- B. It will be left the same
- C. 2.5%
- D. 10%

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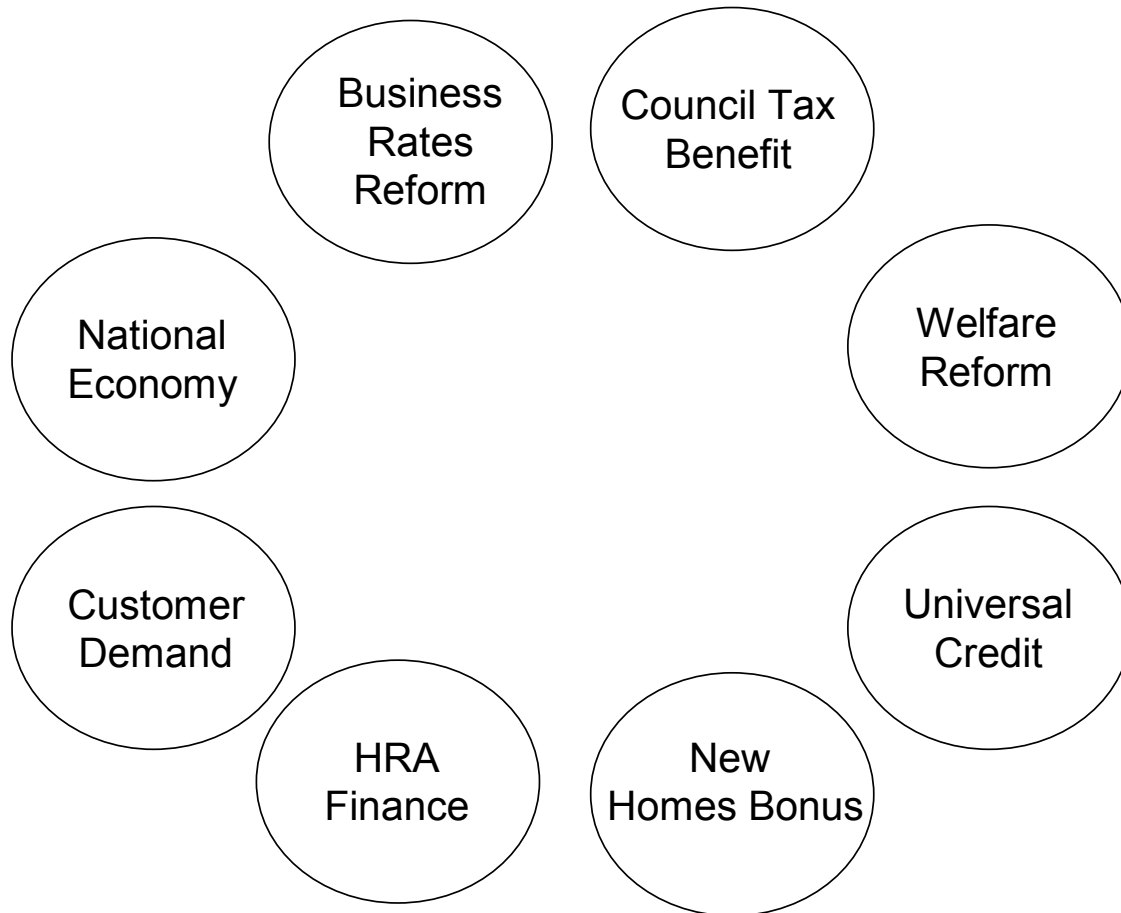
A. Nothing, it will be increased

B. It will be left the same

C. 2.5%

D. 10%

Financial Tectonic Plates



Summary & Conclusions

2011/12

- ◆ The Council adopted a unique 'budget delivery framework' for the consideration and subsequent delivery of the £1.9m of savings required for the General Fund for 2011/12.
- ◆ Once the budget was approved in February 2011, the challenge was to turn the 'paper based savings exercise' into reality so that the £1.9m of savings were actually delivered.
- ◆ From the information contained in the budget report (and previously reported to the Executive Committee through a series of Durable Budget Reports) it can be seen that the original savings target of £1.9m is being delivered successfully.
- ◆ In addition to the original £1.9m target, the Council is currently projecting a further £750,000 of underspend during 2011/12. As previously approved by the Executive, this underspend will be put into reserves to help the council protect itself from the many service and budget pressures that are likely to manifest in the post April 2013 world.

Summary & Conclusions

2012/13

- ◆ The Council needs to continue its excellent track record of delivering budget savings to balance the budget for 2012/13.
- ◆ Prior to the consideration of any council tax increase, it is estimated that £1.3m of savings will be required. We will start 2012/13 in a better place than twelve months ago because the continued use of the Council's budget delivery framework has resulted in the Council already having secured some of the on-going savings required for 2012/13. The remaining savings have also been identified and the Council is confident that these will be delivered during 2012/13.

Summary & Conclusions

2012/13 (continued)

- ◆ The current system of housing finance will be replaced with a new self financing system from April 2012. In effect, this will mean that, rather than the Council making a payment to the national housing pool each year (which was £4.5m in 2011/12), the council will have to take on a proportion of the national housing debt. For this Council that amounts to £73.3m which is equivalent to £21,000 per property.
- ◆ Although the Capital programme has been reduced, a programme in excess of £5.5m is not inconsiderable for a District Council of Kettering's size.

Summary & Conclusions

2013/14 and Beyond

- ◆ The national landscape is going to change significantly from 1 April 2013 with the introduction of the Business Rates Reform and Localisation of Council Tax Benefit. This brings considerable uncertainty and risk to future projections.
- ◆ Assumptions have been made for future levels of government grant (and other funding changes) with annual decreases of 6% applied. This will need to be reviewed when more information becomes available.

Summary & Conclusions

2013/14 and Beyond (continued)

- ◆ The current economic times are unprecedented. Therefore the delivery of the budget is dependent upon successfully tracking the other budget assumptions that have been made (eg, inflation and interest rates) and it must be recognised that any major changes in such variables can have a significant impact on the Council's budget figures and resultant levels of required savings.
- ◆ Based upon the assumptions applied, the future years' budgets would require further savings of:

2013/14	£777,000
2014/15	£707,000
2015/16	£989,000
2016/17	£577,000

Summary & Conclusions

Other Considerations

- ◆ The projections in all years rest on the Executive adherence to the “*Guiding Principles*” (para 3.6); the “*Modelling for Recovery Principles*” (para 3.8) and the Budget Containment Strategies (para 3.9):
- ◆ Depending on the decisions taken in relation to Council Tax, year on year savings of these magnitudes have and will continue to take capacity out of the organisation. The priority has been front line delivery and accordingly members may notice a reduction in some areas of internal delivery, as well as our capacity to influence longer term strategic issues.

Summary & Conclusions

Other Considerations (continued)

- ◆ Many of the changes to be implemented are untested and it is inevitable some transition turbulence may be experienced even with the focus on protecting front line service delivery.
- ◆ All the council's partners, elected councillors and staff should feel proud of reaching this point. However we must maintain this extraordinary effort if we are to continue to achieve our ambitious objectives.

Questions relating to the report and presentation

Provide Feedback

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Thank you for attending the Budget Consultation Meeting

