

BOROUGH OF KETTERING

BUDGET CONSULTATION

Meeting held: 25th January 2018

Present: Councillor Lloyd Bunday (Chair)

Councillors Burton, Davies, Dearing, Derbyshire, Edwards, Hollobone, Jelley, Lee, Lynch, Mitchell, Roberts, Rowley, Scrimshaw, Tebbutt, Thurland, Titcombe, Watts and West.

Cllr Robin Carter	Barton Seagrave Parish Council
Cllr Dianne Miles-Zanger	Barton Seagrave Parish Council
Cllr Robin Shrive	Broughton Parish Council
Cllr Fred West	Harrington Parish Council
Cllr Roy Waddington	Loddington Parish Council
Mike Sawford	Independent Member – KBC
Helen King	Office of the OPCC
Peter Matsa	Tenants' Forum
Peter Strong	Churches Together In Kettering
Kirsty Woods	Kettering MIND
Steven Soper	
Lindsay Wooldridge	
Helen Wood	
Jerry Connolly	
Angela Nitsch	
K N Thurland	

17.BC.01 APOLOGIES

Apologies for absence were received from Councillors Tom Morrissey (Rothwell TC) and Fergus Macdonald (Burton Latimer TC), Daniel Oladejo (Environment Agency) and Jane Calcott (Churches Together (Kettering)).

17.BC.02 WELCOME

The Chair welcomed members of local organisations, members of the public and councillors to the meeting and introduced Members and officers.

17.BC.03 BUDGET CONSULTATION

A presentation was given which provided a comprehensive briefing on the Council's draft budget and the key issues under consideration. The

presentation was facilitated by the Head of Resources and the Principal Accountants.

The Portfolio Holder for Finance advised attendees that the meeting marked the beginning of the process of consultation on the Council's budget, and there would be further opportunities to make comments prior to the budget being set at the meeting of the Full Council to be held on 28th February 2018.

In setting its budget, the Council would continue to rely on the guiding principles, parameters and frameworks that had been set for some time. However, there were elements of the budget that remained fragile and would be kept under regular scrutiny. As an authority, Kettering Borough Council was not immune to the vagaries of government policy and maintaining a balanced budget would be important at a time when the County as a whole was coming under pressure.

Draft Budget 2018/19

The meeting heard that the total draft budget for 2018/19 was £82.4m, formed from the General Fund Account at £52.1m, the ring-fenced Housing Revenue Account at £15.4m and the Capital Programme at £14.9m.

It was noted that at its meeting on 17th January, the Executive Committee had been 'minded to bring forward the Capital Budgets for Commercial Investments that are currently shown for 2019/20-2022/23 by a year'. Accordingly, following further consultation with the Finance Portfolio Holder, the draft Capital Programme had been increased by a figure of £20m, giving a total draft budget of £102.4m and a Capital Programme of £34.9m for 2018/19.

It was heard that savings of £1.473m had been identified in full to achieve a balanced budget for 2018/19. These savings were on top of the £11.3m of savings achieved by KBC since 2010/11. Further savings would be needed of £3.6m in the four years from 2019/20. The composition of savings identified for 2018/19 were provided to the meeting.

Details of the main service pressures facing the council were detailed to the meeting as follows:-

- **Recycling** - China had banned imports of plastic recycling material and the long term impact of this was currently unknown. More material retained in the UK could lead to oversupply and lower prices paid. KBC was working with private sector partners to reduce the impact on the council. It was noted that this was a global issue, however KBC operated a recycling reserve designed to manage any fluctuations in prices paid for materials.

- **Homelessness** – This was a demand led service that was being proactively managed through preventative work, but still formed an ongoing pressure. There had been a sharp increase in the number of people placed in temporary accommodation, although the opening of Wellington House had helped to keep the use of nightly paid accommodation to a minimum. There had been a significant increase in the number of families presenting as statutorily homeless and with the forthcoming introduction of the Homeless Reduction Act, a greater number of households would be eligible for support.
- **Crematorium** – There had been a reduction in the number of services undertaken, largely due to two new crematoriums opening in the vicinity. The quality of Kettering’s facility had recently been officially recognised at the national APSE awards. In light of reduced demand, the council had explored the option of using the facility for weddings and would be the first council in England to do this if taken forward. The idea had been positively received by the registrar service and could create an alternative income stream
- **Funding from central government** – Government grant funding had seen widely publicised reductions. KBC faced a reduction in grant of £304,000 for 2018/19 and £367,000 in 2019/20. A total grant reduction of £5.2m had been seen since 2010/11.
- **Commercial income** – The Council had recognised the need to move towards a commercial way of operating to allow for greater financial independence. The property investment strategy designed by the Asset Management Board allowed the council to compete in the property market on an equal footing, while ensuring full assessments were made and risks minimised.

Medium Term Prospects

The government was currently consulting on the Fair Funding Review that would provide the basis for determining future levels of government grant to local authorities. It was noted that the potential impact of this review should not be underestimated and it was considered to be unlikely that the funding pot would increase in any form, especially given challenges faced around social services funding nationally.

It was heard that when introduced, New Homes Bonus had provided KBC with around £1,000 for each new property built for a period of six years. This had been reduced to a period of five years from 2017/18 and from 2018/19 would reduce by a further year. The government had also

introduced a baseline whereby a specific number of properties needed to be delivered each year before funding was received. This equated to approximately 180 new dwellings each and every year going forward under the current baseline.

It was heard that there was no government incentive to freeze Council Tax levels. The council could increase its portion of the Council Tax by the greater of £5 or 3% without triggering a public referendum on the increase. Should such an increase be set by Council, this would mean an increase of £6.16 per annum for a Band D property and would generate approximately £195,000 of revenue for 2018/19. Future indicative government grant settlements assumed an increase in Council Tax levels.

The meeting heard that 75% Business Rates Retention was likely to be in place for 2020/21; however the baseline from the point growth was measured may increase, which could lead to less growth being retained locally.

Housing Revenue Account (HRA)

The draft budget report would be presented to the Tenants' Forum on 8th February, where tenants would recommend rent levels for 2018/19 to the Executive Committee. Current government policy was to reduce rent levels by 1% annually and this had been assumed as part of the draft budget setting process. From 2020/21 councils could raise rent levels by the Consumer Price Index +1%, although it was anticipated that rent levels would take until 2022/23 to return to the levels seen in 2015/16 prior to the annual 1% decrease. The four years of rent decreases had seen approximately £65m taken out of the HRA over a 30 year business plan.

A breakdown of the various elements that constituted the ring-fenced HRA budget was provided, along with details of major HRA projects recently undertaken.

Capital Programme

The draft Capital Programme budget for 2018/19 had been set at £14.9m. However, as mentioned above, the Executive Committee had been minded to bring forward the Capital Budgets for Commercial Investments by a year.

The Portfolio Holder for Finance attended the meeting and thanked the team involved in preparing the budget for their hard work in delivering a balanced draft budget. Cllr Thurland also detailed the pressures involved in maintaining and delivering the council budget on an annual basis.

An opportunity for individual questions was given. Questions asked, answers given and comments made are summarised overleaf:-

Item / Issue	Summary of Response Given
<p>Is the consultation process itself on the council website as it was impossible to find, although there was a download for the meeting invitation? (Councillor Clark Mitchell, KBC)</p>	<p>We will take these comments away and make sure it is addressed for future years. (Officer response)</p>
<p>The is a lot of development happening in Desborough, I am looking at waste collection budgets but note that these do not mention an increase in those services due to increase in development, I am assuming it would have been budgeted for?</p> <p>Flood defence budgets have risen from £0 to £2400 this year, what does that refer to? (Helen Wood – Desborough Resident)</p>	<p>We will be trying to absorb that growth within existing collection rounds, and we have been quite successful in doing that to date. At some point may have to introduce an extra waste collection round, but we have avoided that so far by refining what we do. Getting into agreement with Corby Borough Council to extend collections to include Corby gives an extra opportunity to refine what we do. As far as possible we try to avoid adding additional rounds. Our pick up rate for the day is quite high compared to most authorities, and we have been absorbing additional collections for a while. It is one of the reasons our waste collection service received a national award this year. (Officer response)</p> <p>It is in relation to our own land, the balancing lake by Kettering Leisure Village and work required to keep the lake from flooding. The budget is unlikely to relate to new developments as these costs are picked up by developers. (Officer response)</p>
<p>I would like to offer my congratulations to those involved in producing a balanced budget. Will Small Business Rate Relief carry on from April onwards? (Councillor James Burton, KBC)</p>	<p>We understand that there will be no changes to Small Business Rate Relief set by Central Government and we will confirm this to Councillor Burton outside the meeting. (Officer response)</p>

Item / Issue	Summary of Response Given
<p>Links to the consultation documents on the Council website were invisible, I am grateful to the officers who sent me the documentation.</p> <p>The public safety element of the budget, is that solely for CCTV and nothing else?</p> <p>The heading for homeless support is suggested to reduce by a significant amount next year from this year, although there is considerable evidence of homelessness pressures increasing, how can you justify a £300,000 decrease?</p> <p>Rateable income from commercial premises refers to a figure of £3.6m, that is remarkable, is it accurate?</p> <p>Payment of HRA interest into the general fund. Both accounts are ring-fenced, how could that arise?</p> <p>(Jerry Connelly – Kettering Resident)</p>	<p>It does cover other aspects of community safety expenditure, including paying towards the cost of 5 PCSOs. (Officer response)</p> <p>It is actually £150,000 compared to the 2017/18 budget. The council is putting additional funding into the preventative side and there are new initiatives to help manage that budget. (Officer response)</p> <p>Yes, it is accurate. The £3.6m gross income is offset by borrowing costs and MRP, you have to take the three components together to get to the net figure of £600,000 incorporated into the budget. (Officer response)</p> <p>This refers to the transfer of the Scott Road garage site to the HRA account from the general fund (Officer response)</p>

Following the question and answer session, the Chair thanked everyone for attending and for the comments received.

(The meeting started at 7.00 pm and ended at 8.05 pm)

Signed.....
Chair

DJP