

BOROUGH OF KETTERING

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Report Originator	Head of Resources Mark Dickenson	31 st January 2019	
Title	DRAFT BUDGET PROPOSALS FOR 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY		

1. PURPOSE OF REPORT

- 1.1 Kettering Borough Council's draft budgets for 2019/20 were considered by the Executive Committee at its meeting of 16th January 2019. The Executive endorsed the draft budgets for consultation and the formal consultation period runs from 16th January 2018 to the 27th February 2019 (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 16th January 2019 can be obtained from Democratic Services or accessed via the Council Website using the following link
http://www.kettering.gov.uk/meetings/meeting/1697/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 2019/20 (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 24th January 2019 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.

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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;

2018/19

2.2 The Council has continued to use its own specific 'budget delivery framework' for the delivery of efficiencies. The challenge was to turn the 'paper based savings exercise' into reality so that the £1,473,000 of efficiencies were actually delivered – this is being successfully delivered.

2.3 Since 2010, the Council will have delivered a total of £12.8m of savings by the end of March 2019.

2019/20

2.4 Taken in isolation, most of the main issues are 'known' for 2019/20 at this stage.

2.5 The Council had budgeted for a grant reduction of £365,000 for 2019/20 the provisional figure from the Government was a reduction of £115,000 (4.5%). This was £250,000 better than previously modelled in the Council's MTFs owing to negative RSG being removed.

2.6 Prior to the consideration of any council tax increase, it is estimated that **£1,562,000 of 'efficiency savings' will be required.** We will start 2019/20 in a similar position to 2018/19 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 2019/20. 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.

2.7 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.

2.8 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.

2.9 Members will need to consider the medium term projections and associated risks when deciding a level of council tax for 2019/20. In light of these, officer advice is to consider a council tax increase of the threshold level (3%) for 2019/20.

2.10 **A capital programme of around £29.3m** is a significant commitment and clearly demonstrates the Council's strategy regarding commercial investments.

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2.11 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.

The Medium Term

2020/21 and Beyond

2.12 The levels of uncertainty and reductions in government funding in the medium term are very significant and should not be underestimated.

2.13 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 reductions for this Council of anywhere between £2m and £4m over the next few years.

2.14 Both the resetting of the baseline and the review of the funding formula could have a significant impact on the Council’s Medium Term Financial Strategy.

Other Considerations

2.15 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).

2.16 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 19)