

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 2019/20 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

Budget Context



The Council's Draft budget 2019/20



Housing Revenue Account

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

£15.3m

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

£58.6m

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



Capital Programme

Covers: Expenditure on acquiring, maintaining, enhancing assets

£29.3m

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

£103.2m

General Fund Account

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



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



Kettering
Borough Council

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?

Kettering Borough Council

£159.75 pa
£3.07 pw
12.2%



£171.92 pa
£3.31 pw
13.1%

Town &
Parish
Councils

£14.72 pa
£0.28 pw
1.1%

 Northamptonshire
County Council

£961.61 pa
£18.49 pw
73.6%

Each 1% increase = 3p
per week for an average
household and generates
£67,000 for the borough

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

Business Rates: we keep how much (2018/19)?

Kettering
Borough Council

£2.5m

8%



Total Business
Rates Collected

£32.0m

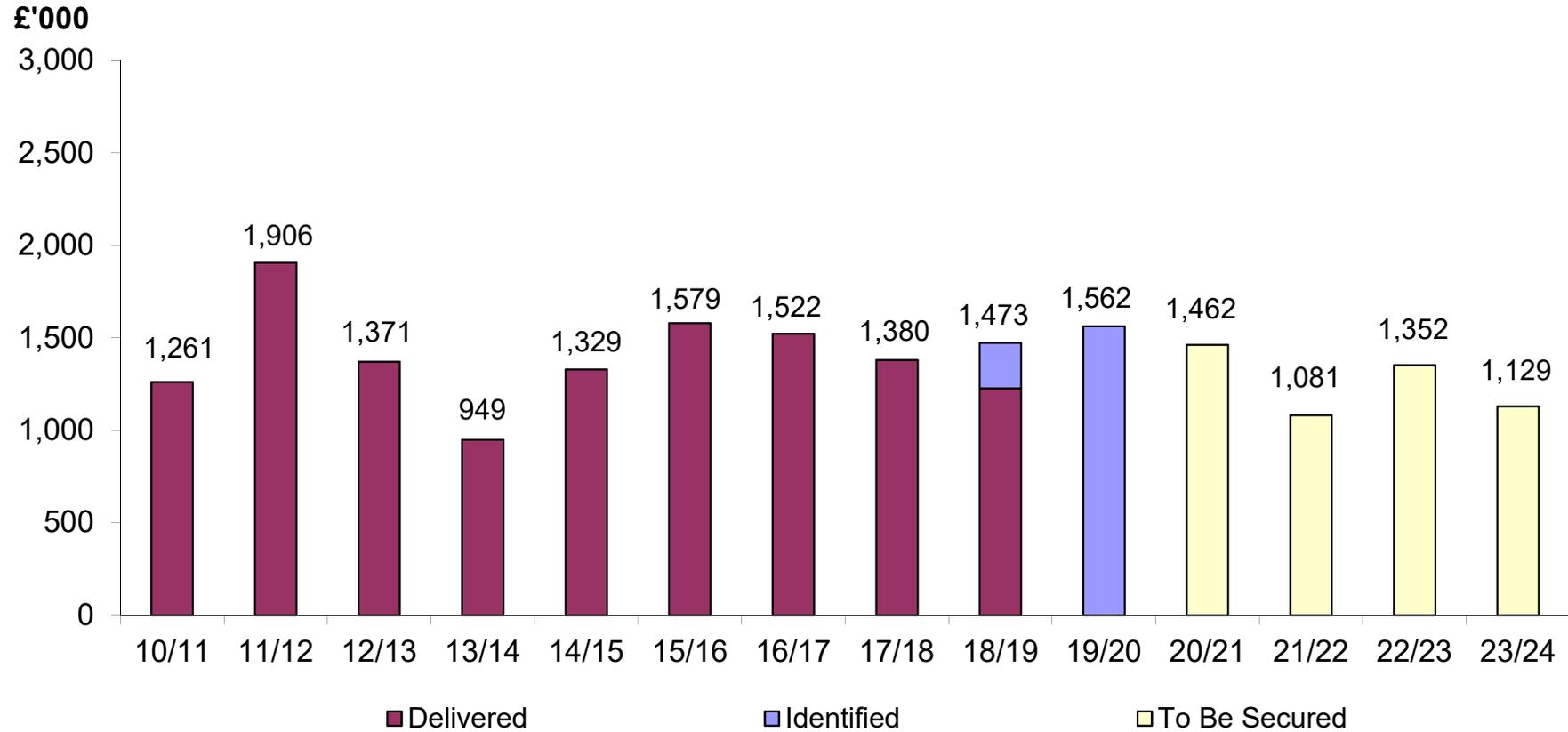
Kettering
Borough Council



Medium Term Financial Forecast – Jan 2019

TABLE 2 - MEDIUM TERM FINANCIAL FORECAST							
		Zone of "Predictability"		Zone of "Unpredictability"			
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		£000	£000	£000	£000	£000	£000
1	Net Council Budget	10,893	11,118	10,385	10,107	10,482	10,364
2	Forecast Resources:						
	Government Grant						
2a	Revenue Support Grant	(171)	0	0	0	0	0
2b	Business Rates	(2,428)	(2,484)	(2,000)	(2,000)	(2,000)	(2,000)
	Total Government Grant	(2,599)	(2,484)	(2,000)	(2,000)	(2,000)	(2,000)
	Council Tax / Coll'n Fund	(300)	(350)	(100)	(100)	(100)	(100)
	Income From Council Tax	(6,521)	(6,722)	(6,823)	(6,926)	(7,030)	(7,135)
	Total Resources	(9,420)	(9,556)	(8,923)	(9,026)	(9,130)	(9,235)
3	Budget (Surplus) / Deficit	1,473	1,562	1,462	1,081	1,352	1,129
4	Efficiencies Identified	(1,473)	(1,562)	0	0	0	0
5	Efficiencies - To be Identified	0	0	(1,462)	(1,081)	(1,352)	(1,129)
6	Budget (Surplus) / Deficit	0	0	0	0	0	0
GENERAL FUND WORKING BALANCE							
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		£000	£000	£000	£000	£000	£000
7	Estimated Opening Balance	1,415	1,375	1,335	1,295	1,295	1,295
8	Town Centre Initiatives	40	40	40	0	0	0
9	Estimated Closing Balance	1,375	1,335	1,295	1,295	1,295	1,295

Efficiency Savings



General Fund 2018/19

Table 4 – Composition of Efficiencies

Framework	Efficiencies	£000	%
Commercial Investments	Income from Commercial Investments	600	41
Lobbying / Growth	New Homes Bonus Income	343	23
Lobbying / Growth	Increase in Planning Fees	135	9
Lobbying / Growth	Homelessness Grant	100	7
Staff / Innovation	Treasury Management Income	100	7
Staff / Innovation	Other	39	3
Fees and Charges	Additional Income	77	5
Fees and Charges	Crematorium	66	4
Partnerships	Joint Working	13	1
		1,473	100

General Fund 2018/19

◆ 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 8 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 = £1,473,000
- ◆ Savings being successfully delivered 
- ◆ In year pressures / Savings

General Fund 2019/20

- ◆ 2019/20 Efficiency Savings Target = £1.562m
- ◆ Efficiencies Savings Identified in full 

Main Service Pressures / Risks

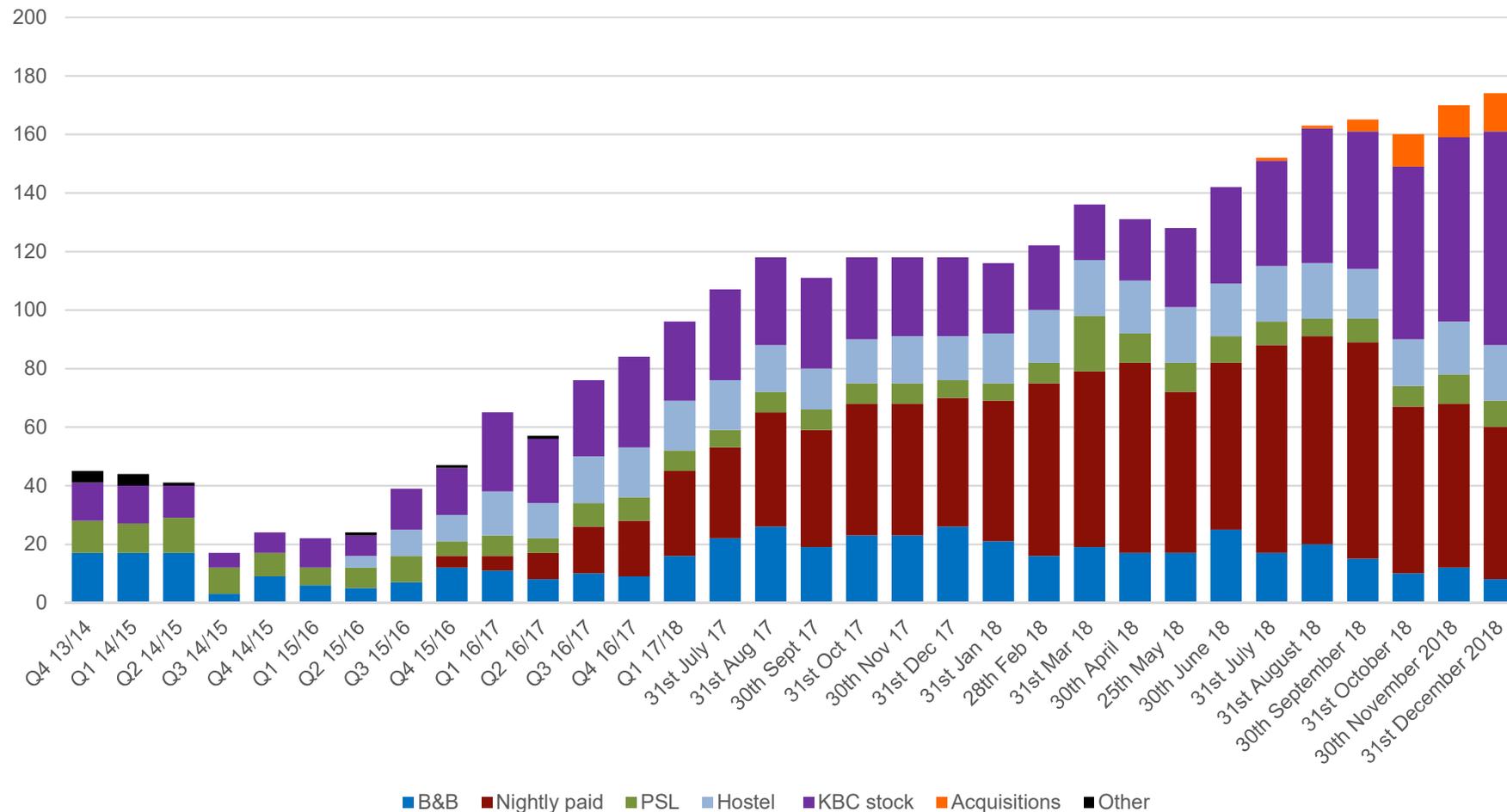
- ◆ Recycling
- ◆ Homelessness
- ◆ Local Government Grant Funding
- ◆ Swing-o-meter (Appendix A – Page 29)

Recycling

- ◆ China - volatile Market Conditions
- ◆ Global Issue
- ◆ KBC Approach
- ◆ Provision

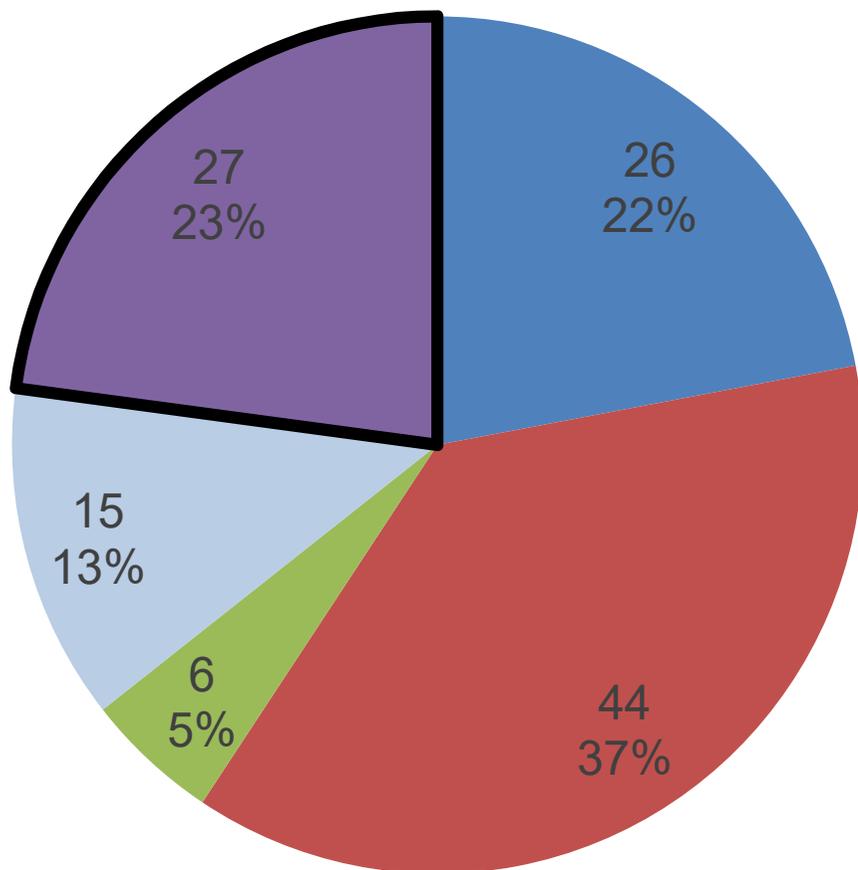
Homelessness

Number of Households in Temporary Accommodation

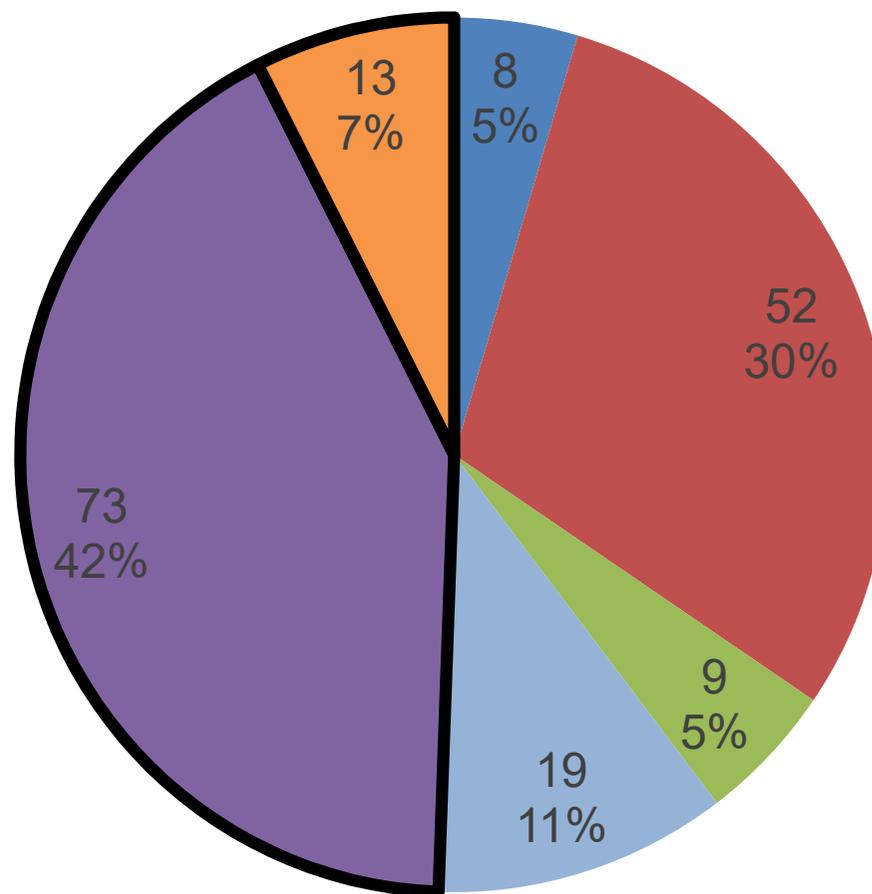


Homelessness

December 2017 - 118



December 2018 - 174



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

Local Government Grant Funding

Table 9 – Local Government Finance Settlement			
Funding	MTFS £000	Provisional Settlement £000	Change £000
Business Rates	(2,484)	(2,484)	0
RSG	250	0	(250)
Total	(2,234)	(2,484)	(250)

General Fund 2019/20

Table 7 – Composition of Efficiencies

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

Composition of Efficiencies

Table 8 – Identified Efficiencies	2018/19		2019/20	
	£000	%	£000	%
Lobbying / Growth	(578)	39	(550)	35
Fees and Charges	(143)	10	(70)	5
Staff Suggestions / Service Plan / Innovation	(139)	9	(282)	18
Partnerships	(13)	1	(160)	10
Commercial Investments	(600)	41	(500)	32
Total Identified Framework Savings	(1,473)	100	(1,562)	100

General Fund – Medium Term Prospects



Medium Term Financial Efficiencies

Table 10 – Medium Term Financial Efficiencies	November Executive	Current MTFS	Difference
	£000	£000	£000
2020/21	1,115	1,462	347
2021/22	1,375	1,081	(294)
2022/23	1,060	1,352	292
2023/24	1,059	1,129	70
Total Efficiencies – to be secured	4,609	5,024	415

General Fund Medium Term Prospects

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

General Fund Medium Term Prospects

- ◆ **Business Rates Retention**
 - ◆ 2020/21 Baselines reset
 - ◆ Pilot 75% BRR

General Fund Medium Term Prospects

◆ Council Tax

- ◆ No incentive from Central Government to freeze Council Tax
- ◆ Referendum Limits - the greater of £5 or 3%



Housing Revenue Account

- ◆ **2018/19** (para 6.5 to 6.6)
 - ◆ Generally on budget
 - ◆ In year Pressures
 - ◆ Income
 - ◆ Right To Buy
 - ◆ Void levels

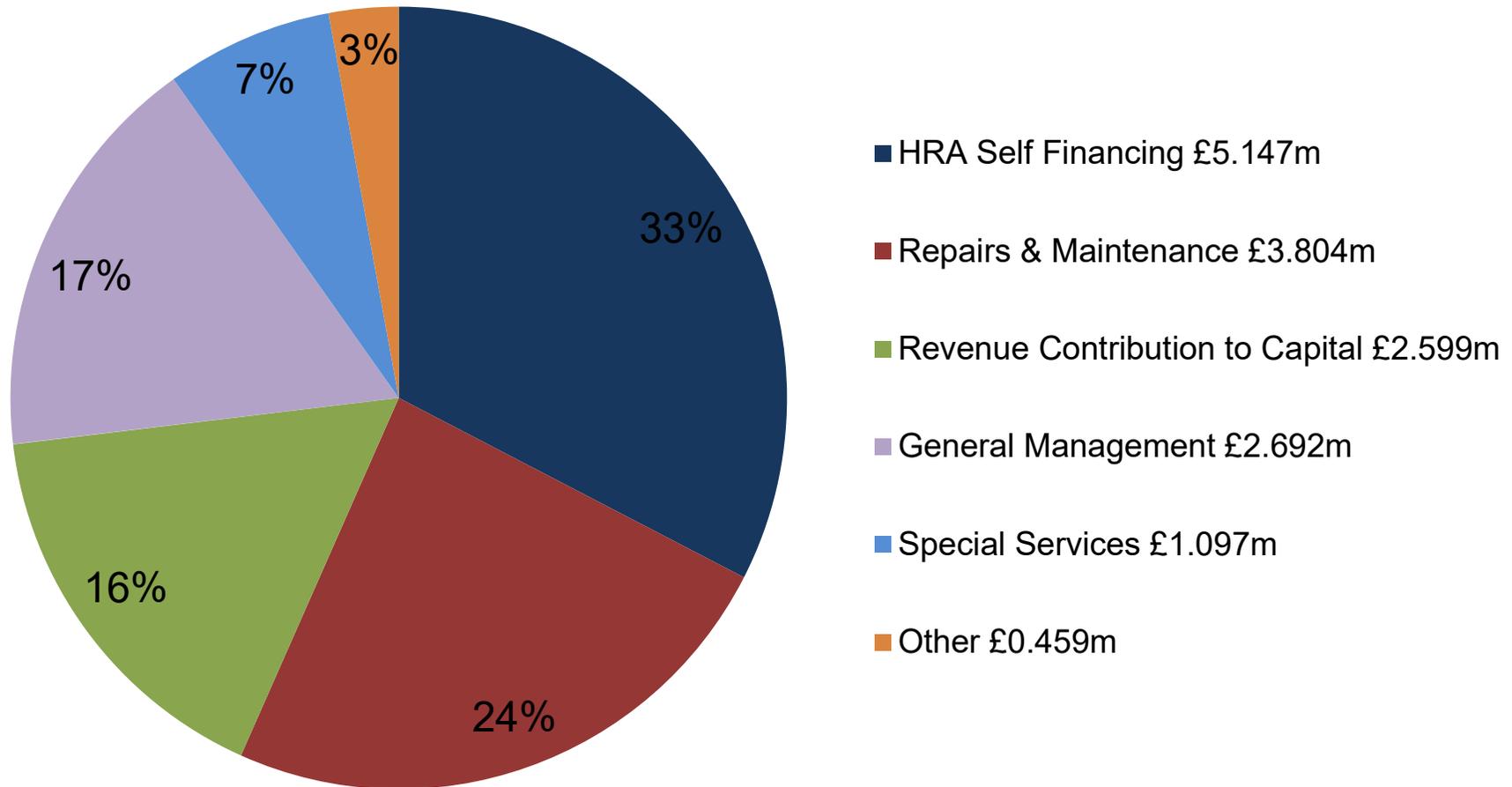
Housing Revenue Account

- ◆ **2019/20 and Medium Term**(para 6.7 to 6.15)
 - ◆ Draft balanced budget
 - ◆ Recommendation to be made by the Tenants Forum on 7th Feb regarding rent levels.
 - ◆ 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
 - ◆ Rent 2020/21 – CPI + 1%

Housing Revenue Account

Table 14 – Changes in Rent Levels	
Description	£000
Additional weeks Rent (53 Week Year)	(290)
New Properties	(29)
RTB Sales	176
1% Rent Reduction	152
Increase in Void Levels to 2% from 1.68%	49
Total Reduction in Rent from 2018/19 to 2019/20	57

HRA Budget 2019/20





Capital Programme

Capital Programme

- ◆ **2018/19**(para 7.1 to 7.4)
 - ◆ Capital Programme £47.3m
 - ◆ Main changes (outlined in 7.2)
 - ◆ Timing of HRA New Build

- ◆ **2019/20 and Medium Term**
 - ◆ 2019/20 Draft Capital Programme £29.3m
 - ◆ Commercial Investments
 - ◆ Homelessness Prevention
 - ◆ Investment in Housing Stock
 - ◆ Indicative Programme 2020/21 – 2023/24 is between £25.5m and £30.2m per annum

Finance Portfolio Holder Comments

General Fund 2011/12

Composition of Efficiencies – 2011/12			
	Framework	£000	%
	Staff / Innovation	939	49
	Fees and Charges	185	10
	Partnerships	164	9
	Capital Review / Commercial Investments	129	7
	Lobbying / Growth	489	25
	Prioritisation	0	0
		1,906	100

General Fund 2018/19

Table 4 – Composition of Efficiencies

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General Fund 2019/20

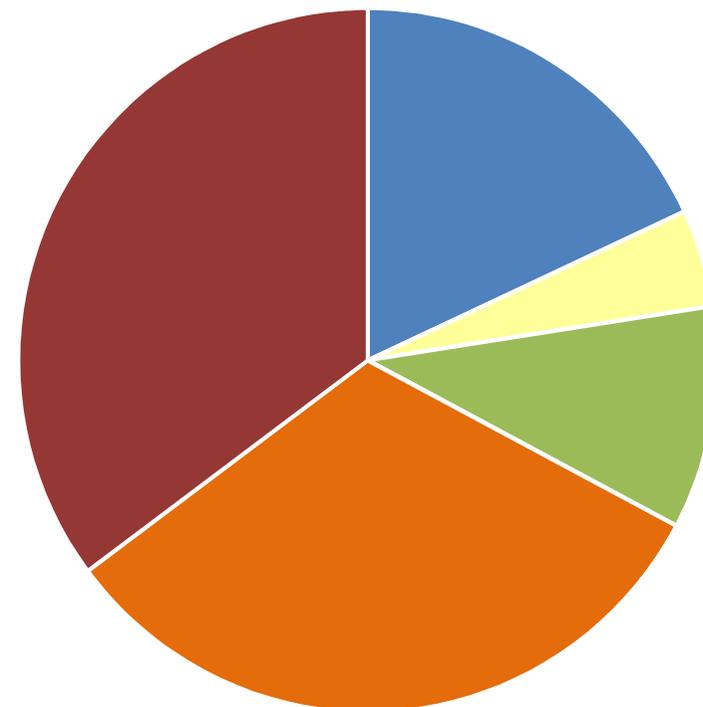
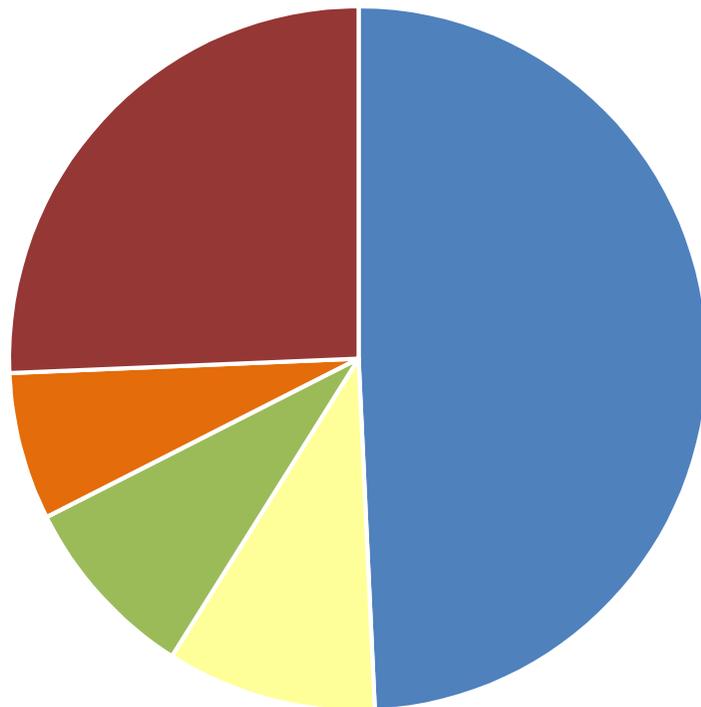
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Various	Other	72	5
		1,562	100

Composition of Efficiencies 2011/12 v 2019/20

2011/12

2019/20



■ Staff / Innovation

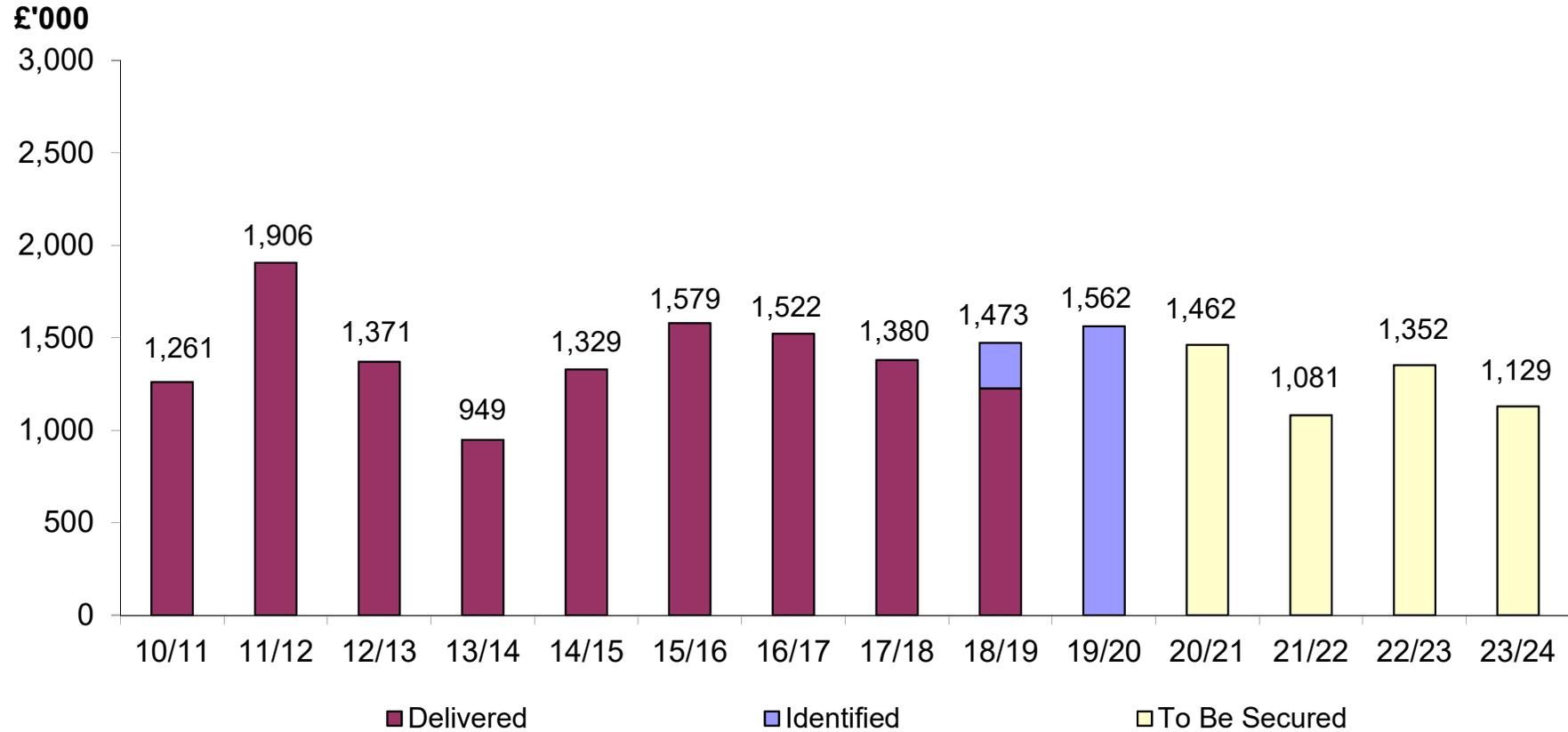
■ Fees and Charges

■ Partnerships

■ Capital Review / Commercial

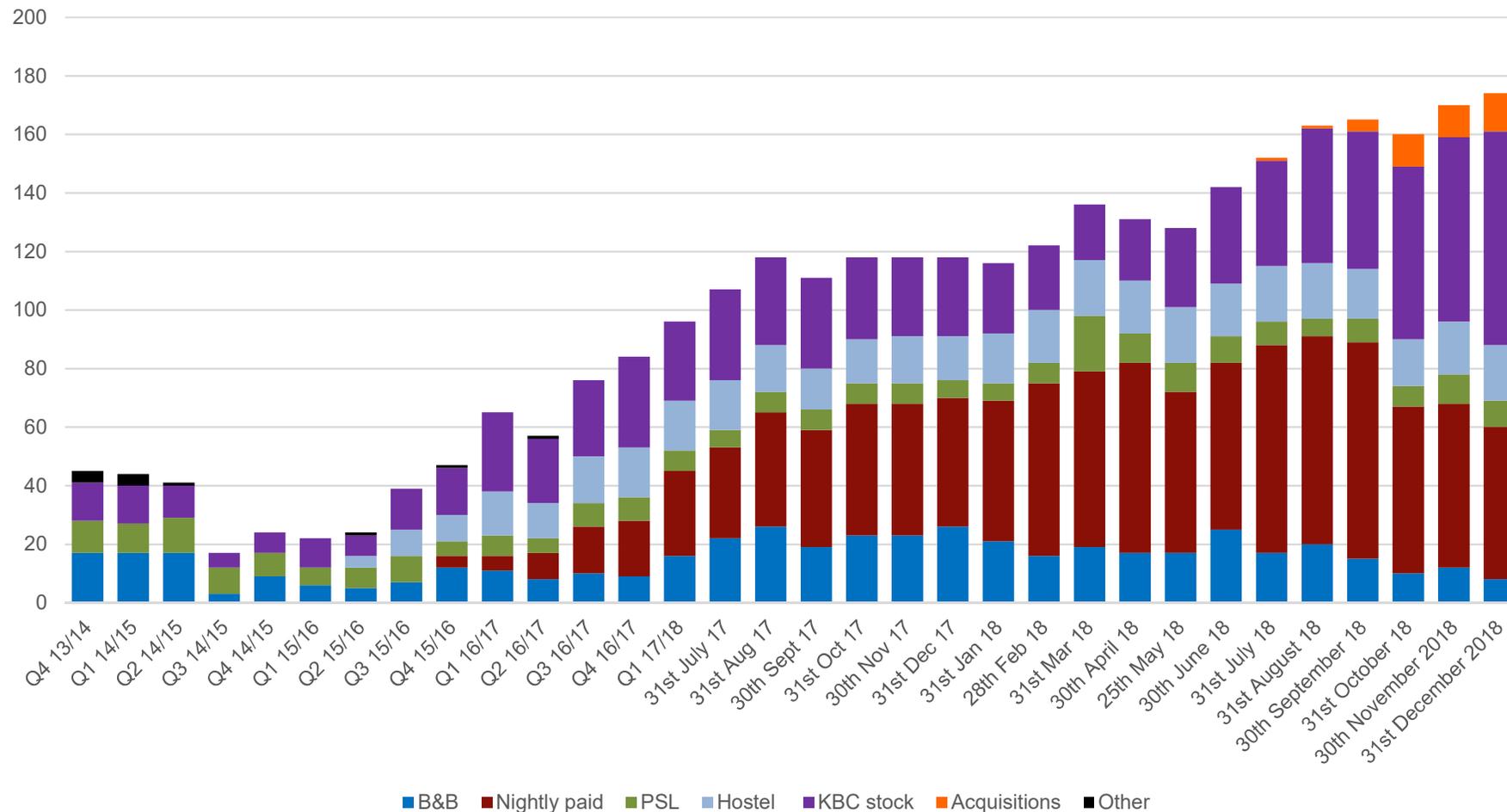
■ Lobbying / Growth

Efficiency Savings



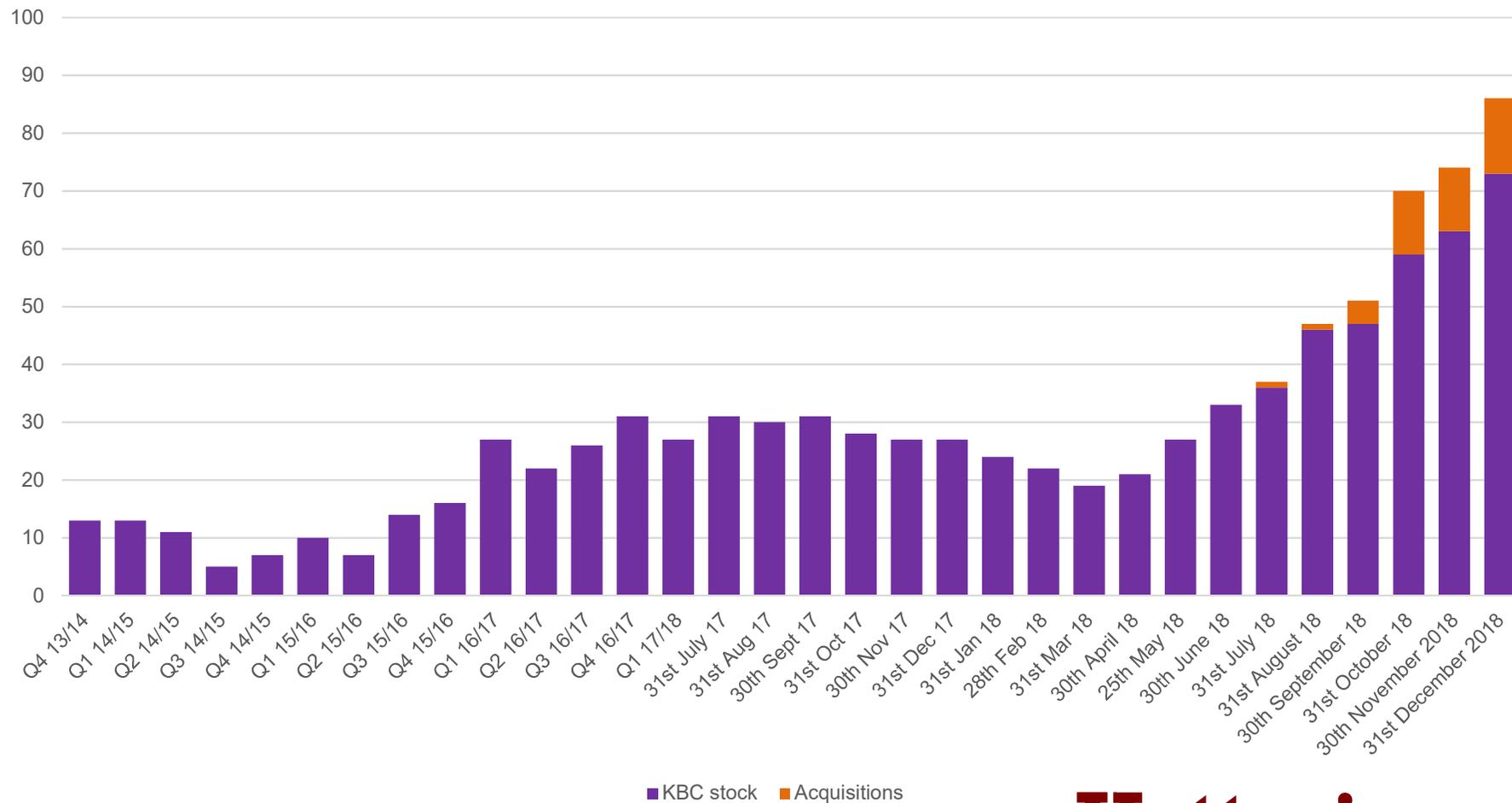
Homelessness

Number of Households in Temporary Accommodation



Homelessness

Number of Households in KBC Temporary Accommodation



A large pile of recycled materials, including plastic bottles, metal cans, and newspapers, is shown. The word "Recycling" is overlaid in the center in a dark red font. The background is a dense collection of these items, with a white gradient on the left side.

Recycling

Partnerships



Local Government Grant Funding

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Council Tax: we keep how much?

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Borough Council

£159.75 pa
£3.07 pw
12.2%



£217.81 pa
£4.19 pw
16.7%

Town & Parish Councils

£14.72 pa
£0.28 pw
1.1%



**Northamptonshire
County Council**

£915.72 pa
£17.61 pw
70.0%

**Each 1% increase = 3p
per week for an average
household and generates
£67,000 for the borough**

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

Business Rates: we keep how much (2018/19)?

Kettering
Borough Council

£2.5m

8%



Total Business
Rates Collected

£32.0m

Kettering
Borough Council

Commercial Income

Criteria	Excellent	Very Good	Good	Acceptable	Marginal
Location	Major Prime	Macro Prime	Major Secondary	Macro Secondary	Tertiary
Covenant	Single Tenant Strong Financial Covenant	Single Tenant Good Financial Covenant	Multiple Tenants Strong Financial Covenant	Multiple Tenants Good Financial Covenant	Tenants Average Financial Covenant
Lot Size	£8m - £12m	£4m - £8m £12m - £18m	£2m - £4m £18m - £20m	£1m - £2m £20m - £25m	<£1m >£25m
Lease Length	> 10 Years	7 - 10 Years	4 - 7 Years	2 - 4 Years	< 2 Years
Tenure	Freehold	Long Leasehold 125 years minimum	Leasehold < 125 years > 75 years	Leasehold < 75 years	Leasehold < 50 years
Repairing Obligations	Full Repairing and Insuring (FRI)	Internal Repairing 100% Recoverable	Internal Repairing Partially Recoverable	Internal Repairing Non Recoverable	Landlord Repa
Net Yield	5%+	4% - 4.99%	2.5% - 3.99%	> 1% - 2.40%	< 1%

- ◆ Self Sufficient
- ◆ Due Diligence
- ◆ Property Investment Strategy
- ◆ Asset Management Board

Capital Programme

Covers:

Expenditure on acquiring, maintaining, enhancing assets



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





