

BOROUGH OF KETTERING

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Report Originator	Head of Finance Paul Sutton	Fwd Plan Ref	
Wards Affected	All	16th February 2011	
Title	FINAL BUDGET PROPOSALS FOR 2011/12 – GENERAL FUND, CAPITAL AND HOUSING REVENUE ACCOUNT		

Portfolio Holder – Cllr Jim Hakewill

1. PURPOSE OF REPORT

The purpose of the report is to: -

- a. Remind members of the financial backcloth and key budget issues;
- b. Report back comments that have been submitted through the formal budget consultation process;
- c. Summarise the Governments 'final' grant announcement for 2011/12;
- d. Provide an update of the key issues, revise the budget model and outline possible options for closing the remaining budget gap;
- e. Comment upon the Medium Term budget projections
- f. To outline the information that the Government has provided in relation to the Council Tax incentive scheme and to consider Council Tax capping criteria;
- g. Explain the particular risks and uncertainty that uniquely exist at this stage in the economic and electoral cycle;
- h. Provide the background to enable the Executive to submit a draft budget and preferred level of Council Tax for 2011/12 to the Council meeting of 24th February 2011.

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2. BACKGROUND

- 2.1. The Executive considered a comprehensive report on its initial budget proposals at its meeting of 19th January 2011. The report considered the draft proposals for the General Fund, Capital Programme, and Housing Revenue Account. Members are recommended to refer back to that report for the detailed background to this budget report.
- 2.2. The Council's formal budget consultation period has been running since 19th January 2011 and will end on the 24th February 2011 (when the Council formally sets the budgets). The draft budget proposals have been discussed at a number of meetings including the statutory business rate payers Budget Consultation event on 27th January 2011, the Council's Scrutiny Committees and geographical forums.
- 2.3. Without repeating all of the detail previously reported in the January report, the 'key issues' section of that report is reproduced below for context and ease of reference;

2010/11

- ♦ *The HRA, Capital and General Fund accounts are on target to come in at an acceptable level.*
- ♦ *Over £1.25m of general fund savings will have been achieved in 2010/11 if that account is brought in on budget.*
- ♦ *Such savings are in addition around £1.9m in the preceding few years.*

2011/12

- ♦ *The Housing Revenue Account continues to show the adverse impact of negative subsidy. In short around one pound in three of all rents received will have to be paid to the government and not spent on local services. This accounts to an estimated £4.5m in 2011/12. HRA reform will not signal the end of this leakage.*
- ♦ *The Capital programme is smaller and has more emphasis towards schemes with better revenue yields.*
- ♦ *The pressure on the General Fund (i.e. Council Tax) is unprecedented:-*
 - ♦ *The economy adds cost pressures via inflation, workload increases and income decreases.*
 - ♦ *Grant cuts of 15.7% will be made in 2011/12*
 - ♦ *The need for over £2m of savings against the backcloth of what has already been achieved (see above) is a very tall order.*

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- ♦ The budget delivery framework has identified around £1.4m of savings leaving around £500,000 to find.
- ♦ Possible strategies have been identified which although not ideal do hold out the prospect of closing that gap.

The Medium Term

2012/13 General Fund (Council Tax)

- ♦ The position for 2012/13 requires further savings of over £1m. If any of the strategies for closing the remaining £500,000 2011/12 gap are not ongoing they add to that savings target.

Beyond 2012/13

- ♦ Government has signalled its intention to significantly change the funding system. This brings considerable uncertainty and risk to future projections.

Other Considerations

- ♦ The projections in all years rest on the Executives adherence to the "Guiding Principles" the "Modelling for Recovery Principles" and the Budget Containment Strategies as well as maintenance of our best practice approach to generating fees and charges.
- ♦ The comfort margin in these forecasts has been removed. 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.
- ♦ 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 achieve our ambitious objectives.

2.4. From the key issues summary, members will appreciate that the strategies the Council has adopted over the past few years has resulted in the authority being in a much better shape than many others. The Council's ongoing 'next steps' methodology has for many years had the ongoing impact of reducing the operational cost base of the Council whilst protecting front line service delivery. This has now been added to by the comprehensive 'budget delivery framework'.

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- 2.5. The financial strategies key '*guiding principles*' supplemented by the '*Modelling for Recovery Principles*' and the '*Budget Containment strategies*' have provided a strong cornerstone for the Councils medium term financial strategy. For ease of reference, these are reproduced here;

Financial Strategy Guiding principles:

- a. *Revenue balances should not fall below £1m and overall revenue reserves should not fall below 10% of net revenue expenditure;*
- b. *In setting the Council Tax, members should consider the medium term to ensure that a sustainable budgetary position is preserved (with due regard being given to any penalties that might apply);*
- c. *The level of household Council Tax to increase each year in line with inflation at least, where the budget is in deficit, to ensure resources remain consistent with budgeted costs;*
- d. *When setting the Capital Programme, consideration is given to allocating capital resources to schemes that are beneficial to the Council's overall revenue budget position;*
- e. *To maximise the resources available to the Authority, the Council will actively lobby the Government on relevant issues (e.g., grant distribution/ planning fees).*

Modelling for Recovery principles:

1. *Wherever possible, continue with all planned investments and programmes, to protect the local economy and lever in other investments;*
2. *Given that we currently have no long-term debt, we should be prepared to consider debt-funding as a means of programme delivery or stimulus – if this can be shown to be sustainable and have a wider economic benefit;*
3. *Organise our fiscal structures and business models to attract and retain the maximum amount of revenue within the local economy;*
4. *To ensure all possible avenues are used within procurement rules to source locally;*
5. *Protect the performance of Council services which come under particular strain;*
6. *Work closely with partners in the voluntary, public and private sectors, to ensure optimum efficiency*

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Budget Containment Strategy:

1. *Where a specific grant which funds a specific service is withdrawn, the service stops;*
 2. *Where grant funding reduces, which Kettering Borough Council passports through to another organisation, the reduced sum continues to be passported, providing the end recipient organisation feels it can still provide a value-added service at that funding point.*
 3. *Where a function is transferred to another provider, the Council leaves all service-provision discussions, including any top-up funding, with the new provider;*
 4. *The Council would ordinarily neither seek to buffer nor profit from tax changes.*
- 2.6. In the early part of 2010/11, the Executive approved a 'budget delivery framework'. In effect, this was a flexible model that created a number of targeted workstreams from which the Councils medium term financial strategy would be delivered. This will be referred to again later in the report but the model is reproduced below for reference;



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- 2.7. In accordance with the Council's Constitution, the Executive will be recommending the final budget proposals to the Council for approval. Under delegated powers, the Executive will be approving the level of Housing Rents for 2011/12 at this meeting.

3. BUDGET CONSULTATION - COMMENTS

- 3.1 The budget consultation period runs until the 24 February 2011 (when full council sets the budgets)
- 3.2 Comments that have been made are summarised in the appendices, as detailed below;

Appendix A	Comments From
1	Statutory Budget Consultation Meeting
2	Research and Development Committee
3	Monitoring and Audit Committee
4	Kettering Town Forum
5	A6 Towns Forum
	Rural Forum (meets on the 17 th February)

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4. FINAL GRANT SETTLEMENT 2011/12

- 4.1 We previously reported that we strongly believe that the basis of the 'grant' transfer was flawed. It included expenditure for the discretionary element of concessionary travel that the Council had agreed to fund 'locally' in relation to operating the scheme at peak time periods – this was never paid for through central government grant and so should not have been part of the transfer. We believe that this has cost the Council in the region of £120,000 per year.
- 4.2 As a result of our lobbying activity, the final grant settlement was changed by the Secretary of State. An additional £10m was put into the funding pot to provide some financial assistance to Shire District Councils in recognition of these issues.
- 4.3 This resulted in the following changes being made in the final settlement for 2011/12 the Council was awarded an extra £35,000. However for 2012/13 the Council was scheduled to lose £46,000!!!
- 4.4 At a meeting with the Secretary of State on 2 February, kindly facilitated by Kettering's MP, representatives from this Council drew the issue to his attention and we are pleased to say that shortly thereafter the provisional figures were restored to their previously announced level – saving the council £46,000 a year.
- 4.5 At the same meeting the Council's representatives were also able to raise the matter of cost recovery for planning fees, which the Secretary of State agreed to take away and consider. Since that meeting the Secretary of State has written to the Council to advise that he is intending *"to lay a draft regulation shortly, which if accepted would come into force from 6th April 2011. This means that subject to having the appropriate charging regime in place, local planning authorities will be able to operate full cost recovery from that date."* This is good news for the Council and fruit for the lobbying activity undertaken.

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5. UPDATE OF KEY ISSUES / BUDGET PROJECTIONS 2011/12

- 5.1. The previous gap of £519,000 for 2011/12 has been significantly reduced as a result of the successful lobbying activity.
- 5.2. The January Executive report outlined a number of possible options to close the remaining budget gap. A number of those issues have been progressed and incorporated into the Medium Term Financial Forecast.

♦ New Homes Bonus

In the last few days the government has released a model for calculating New Homes Bonus. That model is in line with the suggestions made to CLG by Kettering – except for the 80/20 split (where we suggest 100% should be retained by the Shire Districts). The model has been applied for the Council and assuming CLG keep the 80:20 split in grant in favour of shire districts the Council's New Homes Bonus for 2011/12 would be in the region of £320,000.

It has been pointed out in previous reports that using this source of funding is not without some 'risk' however at this moment in time only building in the estimated value of the first years based grant is considered a reasonable approach. This has been added to the Budget Delivery Framework.

♦ Planning Fees

Once more this is a specific issues that has been discussed with the Secretary of State and it is pleasing that our 'ask' has been acted upon. The ability to set our own planning fees is expected to generate an increase in income, of around £75,000, which has been included in the Budget Delivery Framework.

♦ Additional Efficiencies

Work has continued on the Budget Delivery Framework and the following additional efficiency savings have been identified, which have been added into the Budget Delivery Framework.

Partnership Working	£25,000
Procurement	£25,000
	<u>£50,000</u>

- 5.3. The Budget Delivery Framework table has been updated to take account of the above changes and is reproduced below;

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	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	(191)		(95)	(12)	(72)		(370)
Total Expenditure Savings	(812)	0	(164)	(29)	(72)	0	(1,077)
Income	(74)	(207)		(100)	(395)		(776)
Total Savings	(886)	(207)	(164)	(129)	(467)	0	(1,853)

5.4. The budget model has been updated to take account of the final grant settlement and Budget Delivery Framework. It has also been updated to reflect the Governments capping announcement released very recently. The announcement is considered in detail below however capping has been set at 3.5% and the illustrative forecast council tax increases amended accordingly (and reproduced in Appendix B);

DRAFT MEDIUM TERM FINANCIAL FORECAST - February 2011							
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
		Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
1	Net Council Budget	13,700	13,928	12,511	12,122	11,955	11,973
2	Forecast Resources:						
	Central Government Grant	(7,279)	(5,464)	(4,784)	(4,497)	(4,227)	(3,973)
	Council Tax / Coll'n Fund	(5)	(25)	(25)	(25)	(25)	(25)
	Income From Council Tax	(6,318)	(6,389)	(6,645)	(6,913)	(7,191)	(7,481)
	Total Resources	(13,602)	(11,878)	(11,454)	(11,435)	(11,443)	(11,479)
3	Budget (Surplus) / Deficit	98	2,050	1,057	687	512	494
4	Savings - Frameworks	0	(1,853)	0	0	0	0
6	Council Tax Grant	0	(158)	0	0	0	158
7	**Efficiencies / Prioritisation	0	(39)	(1,057)	(687)	(512)	(652)
8	Budget (Surplus) / Deficit	98	0	0	0	(0)	0
Council Tax Increase Applied		3.50%	0.00%	3.50%	3.50%	3.50%	3.50%

GENERAL FUND WORKING BALANCE							
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
		£000	£000	£000	£000	£000	£000
9	Estimated Opening Balance	(1,384)	(1,286)	(1,286)	(1,286)	(1,286)	(1,286)
	Budget (Surplus) / Deficit	98	0	0	0	(0)	0
10	Estimated Closing Balance	(1,286)	(1,286)	(1,286)	(1,286)	(1,286)	(1,286)
	10% of Net Council Budget	(1,370)	(1,393)	(1,251)	(1,212)	(1,196)	(1,197)

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5.5. As a result of the continued excellent work which has gone on since the committees last meeting the remaining budget gap is £39,000.

5.6. Notwithstanding the excellent work given the challenges ahead members are urged to consider all of the following as recommended.

Item	Recommended reduction	Description	Total Budget
CCTV	£20,000	Reducing lines in and out of the control room, some camera efficiencies; plus some efficiency savings.	£160,000
Voice	£33,000	Ending Voice publication and reverting to a web based option.	£33,000
Total	£53,000		

5.7. Additionally there are some further savings which members may wish to consider

Item	Possible reduction	Description	Total Budget
Ward initiatives fund	£11,250	The total Ward initiative fund budget is £22,500. Removing some or all of this allowance generates a saving, a 50% reduction equates to £11,250.	£22,500
Committee meetings	£5,000	Committee meetings currently start at 7pm consequently generate evening building costs and operational staffing costs. Each hour the average close of meetings is brought forward saves around £5,000. Hence a 5pm start saves £10,000. More realistically a 6pm start saves around £5,000. Members may care to note that it would be possible to implement such a measure after a period of notice if that was considered to help ease the transition.	
Total	£16,250		

5.8. Taken together these would represent savings of £69,250 which would close the remaining budget gap and make a helpful start to the 2012/13 £1m plus savings target.

5.9. Members are invited to consider the options above for balancing the budget. Members may also wish to use balances, however this is not recommended as it is not sustainable.

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6 MEDIUM TERM BUDGET PROJECTIONS

- 6.1 When setting a balanced budget (and council tax) for 2011/12, members need to give due consideration to all material issues and risks - including those clearly outlined in this report and the report that was submitted to the January Executive Meeting.
- 6.2 Members have a statutory duty to consider the medium term when setting a budget and level of Council Tax for 2011/12. This duty flows from CIPFA 'Standards of Professional Practice'.
- 6.3 Specifically, Members of the Executive are advised to consider both the short and medium term implications of the following;
- Future levels of Government Grant;
 - Business risks and sensitivity analysis (swing-o-meter);
 - Current and possible future Government Policy (re: Council Tax levels);
 - Protecting the Councils stable and robust financial platform.
- 6.4 The size of the estimated budget gap for 2012/13 is still significant and work continues across the budget delivery framework to identify further efficiencies. This will clearly become more difficult over time and in reality is likely to require the priorities workstream to play a more important role.
- 6.5 It is important that any service delivery changes are undertaken through the prioritisation workstreams and in accordance with the principles set by the Executive. This work will continue in preparation for the 2012/13 budget.
- 6.6 An early win that members may wish to consider is for 2012/13 onwards is whether the Council should give notice to terminate the contract for the 5 French style public conveniences currently in the town. These are extremely expensive to operate (up to £50 per use) and cost a total of £150,000 per annum. The contract requires 12 months notice and there would be a termination penalty of £271,000. The ongoing savings of £150,000 would provide a swift payback, within our normal 3 years envelope for "Invest to Save" schemes, and generate a significant saving in the medium term.
- 6.7 The 12 months notice period would give time for the Council to work up an alternative service delivery solution such as negotiating public access to other conveniences in the town. Indeed many retailers are now showing an interest in such schemes.
- 6.8 As has already been stated the Government intends to overhaul the current Formula Grant System from 2013/14. This makes accurate forecasting from that point extremely difficult. At this stage the Council is assuming a grant reduction of 6% per annum.

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7 COUNCIL TAX SETTING

7.1 The Government has very recently announced the details of the capping criteria for 2011/12. There are 2 criteria as follows: -

- ◆ Its 2011/12 budget requirement is greater than 92.5% of its 2010/11 budget requirement ; **AND**
- ◆ Its Band D council tax in 2011/12 is increased by more than 3.5% compared with 2010/11.

7.2 The Council, as part of its response to the local taxpayer referendum consultation asked the government to release its capping / referendum criteria prior to the setting of council tax. It is pleasing to see this has happened and hoped that this will continue in the future as the council tax can be set with confidence and without the fear of "capping."

7.3 The Council's final budget requirement for 2011/12 won't be determined until the decisions are made on closing the budget gap.

7.4 The medium term financial forecast reflects the impact of taking part in the council tax incentive scheme for 2011/12 and setting a 0% council tax increase.

7.5 When considering a budget and preferred level of Council Tax increase for 2011/12, members are reminded that:

- ◆ The 0% indicative Council Tax increase that was shown in the consultation budget is not currently a formal proposal from the Executive.
- ◆ The last Executive Committee reconciled that strategy with the Golden Rules to clear the way for a 0% recommendation to Council by the Executive;
- ◆ Should Members wish to consider proposing a different level of increase in Council Tax for 2011/12 – each 1% change equates to £67,000;
- ◆ Members should be aware of the 'compound' effect that any change will have on future years (in terms of Council Tax yield);
- ◆ The Council has a statutory duty to model any proposals over the medium term with a revised budget model.

7.5 Members are reminded that during the current financial year, efficiency savings of £1.26m have had to be made to balance the budget. A further £1.9m of savings have been identified through the Budget Delivery Framework to help balance the budget for 2011/12. Whilst these have been identified, the challenge is to ensure that they are delivered. These amounts are in addition to previous efficiency savings of £1.9m, That together with these proposals brings efficiencies approaching to 40% of the

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current budget. In that context the effort which will be needed to turn the savings identified on paper into realised gains should not be underestimated.

- 7.6 Given the 3.5% capping limit the forgone income for taking part in the 0% incentive scheme in addition to the figures in the MTFS on page 9 (paragraph 5.4) is illustrated in the table below: Members need to be aware of this before making its Council Tax recommendations to Council.

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Annual loss of revenue	67	73	82	90	257
Cumulative loss of revenue	67	140	222	312	568

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8 SERVICE AND OTHER PRESSURES AND SWING-O-METER

- 8.1 In the last few days leading up to the completion of this report there have been a number of government announcements, which have changed either the numbers in the budget or the narrative in the report. As always officers wish to present and report accurately the very latest information so that members are in the best position possible to make their decisions. This has resulted in a comprehensive report a little later than was intended.
- 8.2 The economical cycle remains turbulent and consideration needs to be given beyond the immediate horizons. The draft budget report detailed a number of potential service pressures and these have been assessed in more detail and a swing-o-meter produced, this is detailed at Appendix D.
- 8.3 The swing-o-meter has been used successfully for a number of years to demonstrate the levels of uncertainty, volatility and sensitivity expected for the forthcoming year(s). This helps the Council focus its efforts and capacity to where it is needed most.
- 8.4 The swings plotted for 2011/12 are unprecedented and are a reflection of the amount of turbulence the Council faces for 2011/12. If a swing-o-meter was to be produced for the medium term the levels of volatility and sensitivity would be even greater due to even higher levels of uncertainty. This would see the impact range increase considerably.
- 8.5 As well as government and service pressures the Council has also started to see its public sector partners and providers of public sector services in the borough under increasing pressure. Whilst the council will continue to work with its partners to maintain service levels the Council is not recommended to buffer or absorb costs when other public sector bodies withdraw their funding from services or projects. This sits very much in line with the budget containment strategy and members may wish to consider adopting this as an additional principle.

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9 BUDGET DELIVERY FRAMEWORK

9.1 The budget delivery framework continues to provide a robust mechanism to deliver the Councils medium term financial strategy.

9.2 There is however a relevant issues that members will need to bear in mind;

♦ Fees and Charges

This will continue to be an important element of the delivery framework. During 2011 the Council will need to determine a new medium term strategy for key income items such as car park charges.

The recent increase in VAT has not yet been passed on to customers, although this can be accommodated in the short term it will need to be corrected when the new medium term strategy is considered to ensure that the Council doesn't break its 'budget containment strategy' rule of *'The Council would ordinarily neither seek to buffer nor profit from tax changes'*

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10 COMMENTS FROM THE STATUTORY FINANCE OFFICER

10.1 To comply with best practice, the Council's Statutory Officer has a responsibility to provide a commentary on the budget (and the underlying assumptions) in the report that is considered by full Council on the 24 February. Given the continuing difficult financial landscape against which the Council will firstly have to set a budget and council tax for 2011/12 (and subsequently for the following years), it is considered appropriate to re-emphasise some key considerations in this report also;

- ◆ Members must take into account the medium term impact of any budgetary or Council Tax proposals;
- ◆ If additional savings are required to balance the budget in 2011/12, these should be identified. It is not recommended to have an unidentified savings target.
- ◆ Given the difficulty of the current financial landscape, members should consider carefully the balancing of choices to be made in reducing services and priorities against the level of Council Tax yield (whilst avoiding the possibility of Council Tax capping / referendums). Given the uncertainty of future grant levels under a new funding regime the flexibility enjoyed through maintaining a healthy council tax yield could be critical to the Council's continued success.

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11 DRAFT CAPITAL PROGRAMME (2011 – 2014)

11.1 The draft Capital Programme was reported to the Executive as part of the initial budget proposals in January and has since been the subject of consultation and further review. There are no changes proposed to the draft programme

11.2 The financing estimate for external borrowing for 2011/12 is £2.2m. The revenue impact of borrowing in 2011/12 is included in the revenue budgets. Members are reminded that the majority of this borrowing relates to the Crematorium – Mercury Abatement scheme, which is estimated to generate significant revenue savings over and above the borrowing costs incurred

11.3 Any further comments that have been made during the consultation period (to date) are provided at Appendix A. The Executive are required to note the comments made and consider whether they wish to take any action on any specific issues that have been raised.

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12 DRAFT HOUSING REVENUE ACCOUNT (2011/12)

- 12.1 In accordance with the Council's Constitution, although the Executive will be recommending the HRA budget for 2011/12 to full Council for approval, this meeting of the Executive will formally approve the level of Council housing rents for 2011/12.
- 12.2 The Government has now released Council specific details of the proposed new "self financing" system for council housing. The implications are currently being assessed by officers further details are available are included in the Local Decisions: A Fairer Future for Social Housing report later on this agenda.
- 12.3 The draft budget included an average rent increase of 6.98% in line with the government's draft subsidy determinations. The subsidy implications of setting a rent increase outside the guideline are prohibitive; therefore 6.98% is the preferred option. The Tenants Forum has already considered the rent level at its January meeting and made representations to the government concerning the size of the increase. These are attached at Appendix C.
- 12.4 The Tenants Forum met on the 10th February and recommended its preferred rent increase of 6.98% which requires approval by the Executive.
- 12.5 A detailed report will be brought before members in the next few months once the implications of the Governments recent announcements have been analysed and understood.

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13. RECOMMENDATIONS

13.1 That the Executive;

- a) Receives the comments received from the consultation process to date;
- b) Notes the additional efficiencies that have been identified;
- c) Makes the savings identified in the table in para 5.6 and consider the savings in the table in para 5.7;
- d) As a one-off adjustment for 2011/12 only, suspends Golden Rule C of the "*guiding principles*" for 2011/12 in the light of the significant grant provided by government;
- e) Approve the level of the average weekly council house rent for 2011/12;
- f) Agrees to give notice to terminate the contract JCDeceaux Ltd in relation to the 5 French style public conveniences.
- g) Agree that the following principle be added to the Budget Containment Strategy "*the Council should not substitute itself as the provider / funder of services when another public provider cuts such a service.*"

13.2 That the Executive recommends to Council:

- a) A Revised General Fund Budget (2010/11) and Draft General Fund Budget for (2011/12)
- b) A preferred level of Council Tax (Band D equivalent) for 2011/12 and associated Medium Term Financial Forecast;
- c) A Capital Programme (2011 - 2014);
- d) The Housing Revenue Account Estimates for 2011/12.

Background Papers:

Title of Document: Estimate Working Papers
Contact Officers: P Sutton

Previous Reports/Minutes:

Ref: Exec MTFs Report (Nov 10)
Exec Budget Report (Jan 11)
Budget Consultation (Jan 11)
Research and Development
Committee Report (Jan 11)

Monitoring and Audit

Committee Report (Feb 11)

Executive Committee

16th February 2011

Appendices

Appendix A	Comments from budget consultation
Appendix B	Draft budget booklet 2011/12
Appendix C	Tenants Forum representations to government
Appendix D	Major risks 'Swing-o-meter'

Appendix A

SUMMARY OF MAIN COMMENTS MADE ON THE DRAFT BUDGET PROPOSALS

1) – STATUTORY BUDGET CONSULTATION MEETING – 27th JANUARY 2011

Item / Issue	Summary of Response Given
<p>We are all aware of the problems facing the Council and the country as a whole. Has the Council made any allowances for inflation? How do we know what inflation will be in six month's time? There has been a destruction of confidence of people living in rural areas because of the proposed reduction in grants. Even if there is no increase in Council Tax, there will be for village dwellers, because they may be facing a precept, which is effectively an increase. People do not receive the same services in rural areas as in urban areas. Reports in the Evening Telegraph indicate that rural bus services are under threat. To increase Council Tax for people in rural areas is not in accordance with government policy. There is a possibility that parish councils will disappear in 2-3 years time. <i>(Sir Peter Fry, Cranford Parish Council)</i></p> <p>Why has the reduction in grants been fixed at 15.7%? Is this in line with the core grant? This implies that the Council is passing on the grant reduction to parish councils. The Council tax collected from residents is not reducible. <i>(Sir Peter Fry, Cranford Parish Council)</i></p>	<p>We went through a process of consultation with the towns and parishes 2-3 years ago, when we consulted on town and parish grants. 66 representatives from 22 town and parish councils responded during the period March-June 2009. All arguments were put forward and then a vote was asked for. 81% of Town and Parish Councils agreed the policy we are instigating tonight. Towns are giving more per capital to rural areas than is coming back. There is no benefit in revisiting the debate now <i>(Cllr Hakewill)</i></p>
<p>There was attendance at the consultation events and there was discussion. At no time was this made clear. The committee decided with no further discussion about the system introduced. What is happening elsewhere in the country is that less council tax is charged for people living outside towns and then the precept is made up to the level paid by people living in towns. It is unfair to a great many people in the Borough. We should have a proper consultation or else it will be undemocratic. <i>(Sir Peter Fry, Cranford Parish Council)</i></p> <p>Rural areas will be severely penalised if bus services are cut to rural areas <i>(Peter Quincy, Clerk – Cranford Parish Council)</i></p>	<p>Residents should lobby County Councillors regarding bus services, as it is for the Northamptonshire County Council to manage its budget in this respect <i>(Cllr Hakewill)</i></p>

Item / Issue	Summary of Response Given
<p>I am saddened by news for the rural areas. County Council cuts have an influence on the work done by Kettering Borough Council. Are officers looking at the effects of County Council cuts on the Borough? For example if bus services are cut this will increase car usage and increase pollution. Could we have an analysis of the effects? (Cllr Jonathan West)</p>	<p>The County Council are consulting on their budget at the moment. If there are cuts we will have to wait and see what impact this will have (Cllr Hakewill)</p>
<p>Could you give further clarification on paragraph 7.71 in the report? (Mary Rust, Broughton Parish Council)</p>	<p>The government are taking back about a third of the rental income from tenants next year – this is then redistributed to areas of housing need. The government are likely to ask us to take on some of the national housing debt and we will have to self-finance that debt by keeping the rental income. Consultation has not yet concluded with the coalition government. (Cllr Hakewill)</p>
<p>The general fund estimates show cost of services but does not give details of staff numbers. What is Central Support? (Cllr Fergus McDonald, Burton Latimer Town Council)</p>	<p>Central Support includes such things as finance, members, management, building costs, customer services, IT services or anything that does not give front-line service delivery. The budget is about the overall numbers rather than the structures. (Paul Sutton)</p>
<p>Can you give assurances to charities about their grants? Can we award grants over a number of years rather than one year? Otherwise charities will face hardship. They do good work we would otherwise have to pay for (Cllr Jonathan West)</p>	<p>The council is currently approaching half way through the four year service level agreements that it has with a number of voluntary organisation. At the present time, we have no intention of changing these agreements.</p>
<p>Are there positive plans to reduce overheads? (Cllr Fergus McDonald, Burton Latimer Town Council)</p>	<p>Yes – this is a process that has been ongoing for a number of years now. In the past few years we have secured budget reductions of £1.9m and this has been added to by a further £1.2m reduction during 2010/11. A further £1.4m has been earmarked to help balance the budget for 2011/12. – without reducing front line services (Paul Sutton)</p>

2) - RESEARCH & DEVELOPMENT COMMITTEE – 25th JANUARY 2011

In consideration of the report, the members raised the following items:

- The Council should continue to lobby the Government in respect of the Core element of the Concessionary Travel Grant.
- Examination of the Council's property portfolio.
- That Revenue from Business Rates should be returned to local authorities.
- Pressurising central government to change the system for financing Housing Benefit and Council Tax Benefits if appropriate.
- The value and impact of any rise in the Council Tax in terms of the Governments financial settlement and the implications of a 0% rise.
- The impact of borrowing in the current financial climate, and the need for it to be prudential and in respect of sustainable projects
- The impact of efficiencies in terms of staffing and staff related costs and the practices for achieving these at Kettering in terms of involving the staff themselves.
- The use of balances as a 'smoothing' mechanism in the short term was supported but was felt to be unsustainable in the medium and long term.
- The importance of the procedures that were in place in maintaining productivity, morale and motivation was key.

3) - MONITORING & AUDIT COMMITTEE – 8th FEBRUARY 2011

In consideration of the report, the members raised the following items:

- The current proposals to set planning fees at a local level were welcomed; the financial implications of this on major applications were noted.
- Discussions about service delivery in the 2011/12 and future years should begin soon.
- The protection of front-line services in the budget was welcomed.
- The national and global economy suggested that the Council cannot anticipate more generous grant settlements in future.
- Although the Council has been successful in drawing down funding from central government in the past, such grant funding is not likely to be available in the future.
- In looking forward, the Council should look at the functions it provides, rather than salami-slicing.
- Fees and charges should reflect actual costs of services and those who are able to pay should pay the full cost in future.
- Members welcomed the discussions that are taking place in relation to the future

delivery of the building control service.

- Although the proposal for Tax Incremental Funding was welcomed, caution was expressed because there could be disparity across local authorities.
- Kettering Borough Training should be self-financing and not rely on taking money from reserves.
- There should be a long term vision for housing stock and housing services through the 30 year business plan, should new legislation in relation to the Housing Revenue Account be introduced.
- The Council should not rely on its reserves to close any budget gap, as this was not sustainable in future years.
- If the Council had to borrow money in the future, the interest rate should be fixed and not variable.

4) - KETTERING TOWN FORUM – 7th FEBRUARY 2011

Comments included the following:-

- Concessionary Travel – The discretionary element was money that has been taken away from us yet is money that we never had in the first place
- There was concern that too little capital money had been allocated to the Avondale Grange ward and that there was insufficient capital budgets for verge hardening. Concern was also expressed about the lack of progress of the capital scheme at Rosewood Place. (Cllr Corazzo)
- The County Council budget impacts greatly on this forum and is far more stringent of services to this community. In respect of concessionary fares and the loss of bus services to rural areas, the Council needed to understand the impacts e.g. fuel costs for rural residents, discretionary scheme impact. In general, we should look at the impact of what happens elsewhere. (Cllr Jonathan West)
- Ensuring that the Council has made sufficient provision for bad debts and also the future changes in the number of properties. (Cllr Larry Henson)

5) - A6 TOWN FORUM – 9th FEBRUARY 2011

- Cllr Roberts thanked all staff of the Council for coming up with some great ideas for savings.
- Cllr Talbot asked if the Council would receive a greater share of the business rates we collect in the future, the response was it is highly unlikely but work will be carried out in the future to try and get any increases.
- It was noted that the forum appreciated the work the Borough Council had done and that it was in a better position than others.

Kettering *Borough Council*

DRAFT BUDGET BOOKLET - 2011/12

FOR USE WITH REPORT 10 EXECUTIVE MEETING 16th FEBRUARY 2011

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DRAFT BUDGET BOOKLET - 2011/12

Section 1

General Fund Estimates 2011/12

Kettering

Borough Council

DRAFT MEDIUM TERM FINANCIAL FORECAST - FEBRUARY 2011							
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
		Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
1	Net Council Budget	13,700	13,928	12,511	12,122	11,955	11,973
2	Forecast Resources:						
	Central Government Grant	(7,279)	(5,464)	(4,784)	(4,497)	(4,227)	(3,973)
	Council Tax / Coll'n Fund	(5)	(25)	(25)	(25)	(25)	(25)
	Income From Council Tax	(6,318)	(6,389)	(6,645)	(6,913)	(7,191)	(7,481)
	Total Resources	(13,602)	(11,878)	(11,454)	(11,435)	(11,443)	(11,479)
3	Budget (Surplus) / Deficit	98	2,050	1,057	687	512	494
4	Savings - Frameworks	0	(1,853)	0	0	0	0
5	Council Tax Grant	0	(158)	0	0	0	158
6	**Efficiencies / Prioritisation	0	(39)	(1,057)	(687)	(512)	(652)
7	Budget (Surplus) / Deficit	98	0	0	0	(0)	0
Council Tax Increase Applied		3.50%	0.00%	3.50%	3.50%	3.50%	3.50%
GENERAL FUND WORKING BALANCE							
		2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
8	Estimated Opening Balance	(1,384)	(1,286)	(1,286)	(1,286)	(1,286)	(1,286)
	Budget (Surplus) / Deficit	98	0	0	0	(0)	0
9	Estimated Closing Balance	(1,286)	(1,286)	(1,286)	(1,286)	(1,286)	(1,286)
	10% of Net Council Budget	(1,370)	(1,393)	(1,251)	(1,212)	(1,196)	(1,197)

The forecast illustrates the change in council tax assumptions and includes core grant in line with the provisional settlement. Grant from 2013/14 is assumed to reduce by 6% each year.

The forecast also incorporates the impact of the service pressures outlined and includes the savings estimated from the Budget Delivery Framework (line 4).

The forecast shows that whilst it should be possible to balance the budget for 2011/12 continuing to achieve this into the medium term remains extremely difficult.

Work will continue on the 7 efficiency workstreams but it will become progressively more difficult to identify achievable savings. It seems inevitable that for 2012/13 some service reductions and cuts will be necessary and work on the prioritisation workstream will need to be progressed.

SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Ref.		Original 2010/11 £	Revised 2010/11 £	Original 2011/12 £
	SERVICE EXPENDITURE			
1.	Cultural and Related Services	2,833,720	2,675,540	2,808,780
2.	Environmental Services	4,106,960	4,121,810	3,858,440
3.	Planning and Development Services	1,672,700	(653,800)	2,558,380
4.	Highways, Roads & Transport Services	1,207,360	970,440	97,440
5.	Housing Services	1,600,220	1,645,640	1,278,730
6.	Corporate and Democratic Services	1,952,060	1,930,100	1,929,300
7.	Central Services to the Public	2,045,120	2,030,340	1,827,730
8.	Trading Accounts	(505,390)	(573,460)	(525,420)
9.	Invest to Save & Service Improvement	50,000	50,000	50,000
10.	General Contingency	50,000	50,000	50,000
11.	NET COST OF SERVICES	15,012,750	12,246,610	13,933,380
12.	Transfers to/from Reserves	86,870	(78,130)	136,000
13.	Interest On Balances/Investments	(106,500)	(45,800)	(46,390)
14.	Depreciation adjustment	(1,562,700)	(1,432,000)	(1,387,800)
15.	Deferred Charges and MRP	170,060	2,929,800	(114,800)
16.	Revenue Contribution to Capital	50,000	80,000	0
17.	NET COUNCIL BUDGET	13,650,480	13,700,480	12,520,390

CULTURE AND RELATED SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	RECREATION AND SPORT			
	Indoor Sports & Recreation Facilities			
	Employees	26,020	25,950	25,660
	Premises	5,050	5,030	4,340
	Transport	400	400	400
1	Supplies and Services	105,630	63,820	23,010
2	Third Party Payments	358,700	395,650	390,020
	Central Support Services	30,000	28,900	29,600
	Capital Charges	157,100	153,000	155,600
	Total Expenditure	682,900	672,750	628,630
1	Fees and Charges	75,400	64,050	1,000
	Amortisation of Government Grants	4,600	0	0
	Total Income	80,000	64,050	1,000
	Net Expenditure to Summary	602,900	608,700	627,630
	Community Centres			
3	Employees	52,160	52,030	41,660
	Premises	32,300	32,090	28,640
	Supplies and Services	3,400	3,240	3,990
	Third Party Payments	28,500	24,500	26,960
	Central Support Services	16,100	15,500	15,700
4	Capital Charges	132,100	99,500	100,500
	Total Expenditure	264,560	226,860	217,450
5	Fees and Charges	24,000	27,750	35,000
	Amortisation of Government Grants	4,200	0	0
	Total Income	28,200	27,750	35,000
	Net Expenditure to Summary	236,360	199,110	182,450

Variance Explanations

- 1 A reduction in income and expenditure in both the 2010/11 revised budget and the 2011/12 original budget is due to Central Government funding no longer being made available for free swims from July 2010 for the over 60's and under 16's. In addition there has been a reallocation of costs to Sports Development and Community Recreation. (Note 7)
- 2 The increase in 2010/11 revised budget is due to increased contributions to Parkwood Leisure for the delay in the completion of the new Desborough Leisure centre. These additional payments are expected to continue in 2011/12 until the facility is completed.
- 3 The 2011/12 original budget for employee costs reflects changes in staff apportionments and changes to the establishment.
- 4 Reduction in capital charge relates to reduced spend on capital in 2009/10, this has no impact on the council's overall revenue budget.
- 5 The increase in income for the 2010/11 revised and 2011/12 original budget reflects an increased usage of the community centres.

CULTURE AND RELATED SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	Sport Development/Community Recreation			
6	Employees	175,200	197,770	193,320
	Premises	0	610	610
	Transport	9,650	9,650	8,050
7	Supplies and Services	49,960	160,880	85,840
	Central Support Services	53,500	51,100	52,800
	Capital Charges	3,900	3,900	0
	Total Expenditure	292,210	423,910	340,620
6&7	Grants & Contributions	0	134,200	0
	Fees and Charges	14,300	14,300	13,300
	Total Income	14,300	148,500	13,300
	Net Expenditure to Summary	277,910	275,410	327,320
	OPEN SPACES			
	Community Parks/Open Spaces			
	Employees	38,220	38,140	36,040
8	Premises	53,500	52,800	44,640
	Transport	1,800	1,800	2,100
9	Supplies and Services	25,710	76,370	25,110
	Third Party Payments	1,020,090	1,000,930	1,023,100
	Central Support Services	12,800	12,300	12,500
10	Capital Charges	135,900	128,600	145,700
	Total Expenditure	1,288,020	1,310,940	1,289,190
	Fees and Charges	49,980	49,980	51,980
9	Grants & Contributions	0	50,700	0
11	Amortisation of Government Grants	14,200	100,000	0
	Total Income	64,180	200,680	51,980
	Net Expenditure to Summary	1,223,840	1,110,260	1,237,210

Variance Explanations

- 6 The increase in the 2010/11 revised budget is due to the future jobs fund scheme whereby KBC recruit unemployed 18-24 year olds for a period of 6 months the salaries are reimbursed by NEL Northamptonshire Enterprise Limited. The increase in the 2011/12 original budget reflects changes in staff apportionments which better reflect the activities undertaken. (Note 51).
- 7 The increase in income and expenditure for the 2010/11 revised budget is due to a grant being received from NCC for sports development, the Future Jobs Fund Scheme and staging the Halfords cycle race. The 2011/12 original budget reflects a reallocation of resources from Economic Development and Indoor Sports and Recreation. (Note 1 & 52)
- 8 The reduction in the 2011/12 original budget reflects a reduction in property maintenance expenditure.
- 9 The increase in the 2010/11 revised budget is due to external Lottery Funding to finance Play Rangers who provide activities at parks throughout the borough for 10-16 year olds.
- 10 Variations on capital charges relates to changes in asset values, this has no impact on the Council's overall revenue budget.
- 11 The variance relates to the amortisation of government grants, this has no impact on the Council's overall budget.

CULTURE AND RELATED SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	OPEN SPACES			
	Allotments			
	Premises	2,460	2,460	2,460
	Third Party Payments	9,070	8,800	9,020
	Central Support Services	5,000	4,800	4,900
	Capital Charges	13,200	13,200	13,200
	Total Expenditure	29,730	29,260	29,580
	Rents	11,500	11,500	11,500
	Total Income	11,500	11,500	11,500
	Net Expenditure to Summary	18,230	17,760	18,080
	TOURISM			
12	Employees	53,500	53,390	39,170
	Premises	6,430	6,450	1,930
	Supplies and Services	13,020	12,900	10,880
	Third Party Payments	1,160	1,000	1,100
	Central Support Services	33,800	31,900	33,000
	Capital Charges	2,900	2,900	2,900
	Total Expenditure	110,810	108,540	88,980
13	Fees and Charges	16,200	6,600	6,600
	Total Income	16,200	6,600	6,600
	Net Expenditure to Summary	94,610	101,940	82,380

Variance Explanations

- 12** The reduction in employee costs for the 2011/12 original budget reflects changes in staff apportionments and changes to the establishment.
- 13** The reduction in fees and charges for both the 2010/11 revised budget and the 2011/12 original budget reflects expected income from sales.

CULTURE AND RELATED SERVICES

Ref		Original 2010/11 £	Revised 2010/11 £	Original 2011/12 £
14	CULTURE AND HERITAGE			
	Art Gallery			
	Employees	101,090	98,420	74,250
	Premises	13,820	13,930	14,550
	Transport	2,000	2,000	1,600
	Supplies and Services	23,350	23,140	22,130
	Third Party Payments	8,850	8,600	8,810
	Central Support Services	20,500	19,500	19,600
	Capital Charges	6,400	6,400	6,400
	Total Expenditure	176,010	171,990	147,340
14	Fees and Charges	7,900	7,900	8,500
	Total Income	7,900	7,900	8,500
	Net Expenditure to Summary	168,110	164,090	138,840
	Museum			
	Employees	101,650	98,990	85,580
15	Premises	22,700	24,010	24,410
	Transport	2,400	2,400	1,700
	Supplies and Services	26,310	26,070	26,020
	Third Party Payments	8,900	8,600	8,860
	Central Support Services	44,900	43,300	43,400
15	Capital Charges	12,900	12,900	12,900
	Total Expenditure	219,760	216,270	202,870
	Fees and Charges	8,000	18,000	8,000
	Total Income	8,000	18,000	8,000
	Net Expenditure to Summary	211,760	198,270	194,870

Variance Explanations

- 14** The reduction in employee costs for the 2011/12 original budget reflects changes in staff apportionments and changes to the establishment.
- 15** The increase in the 2010/11 revised budget is due to a one off grant from Northampton Borough Council.

CULTURAL & RELATED SERVICES TOTAL

Equal Global Summary Line 1

2,833,720

2,675,540

2,808,780

ENVIRONMENTAL SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
	WASTE COLLECTION	£	£	£
	Household Waste Collection			
16	Employees	899,830	956,240	948,150
17	Transport	470,170	508,970	511,890
18	Supplies and Services	265,300	223,680	167,360
	Third Party Payments	600	600	600
	Central Support Services	151,000	145,200	148,300
	Total Expenditure	1,786,900	1,834,690	1,776,300
19	Fees and Charges	371,200	332,200	335,700
	Total Income	371,200	332,200	335,700
	Net Expenditure to Summary	1,415,700	1,502,490	1,440,600
	Recycling			
	Employees	826,870	822,500	831,650
	Transport	243,350	242,650	241,010
20	Supplies and Services	386,350	386,050	377,330
	Central Support Services	211,700	202,000	192,500
21	Capital Charges	311,500	312,500	179,300
	Total Expenditure	1,979,770	1,965,700	1,821,790
22	Fees and Charges	807,000	885,230	966,000
23	Amortisation of Government Grants	67,200	0	0
	Total Income	874,200	885,230	966,000
	Net Expenditure to Summary	1,105,570	1,080,470	855,790

Variance Explanations

- 16 The changes in employee costs in both the 2010/11 revised budget and the 2011/12 original budget reflects the increase in demand on the service.
- 17 A reallocation of resources and increase in fuel costs has resulted in an increase in both the 2010/11 revised budget and 2011/12 original budget.
- 18 A review of contract arrangements and operating methods from the staff suggestion / innovation budgetary framework has resulted in a reduction in expenditure in both 2010/11 and 2011/12.
- 19 The reduction in income for both the 2010/11 revised and 2011/12 original budget reflects a reduced customer base for the Trade Waste Service.
- 20 Reduced expenditure for the 2011/12 original budget reflects a decrease in the price per tonne for recycled waste following negotiations with the contractors.
- 21 Reduction in capital charges relates to a number of assets becoming fully depreciated in 2010/11, this has no impact on the council's overall revenue budget.
- 22 Increased income for both the 2010/11 revised budget and 2011/12 original budget reflects an increase in the price received for recycling commodities following negotiations with the contractors. This has been partly offset by a reduction in the tonnages being recycled due to the economic climate.
- 23 This relates to the amortisation of government grants, this has no impact on the Council's overall budget.

ENVIRONMENTAL SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	STREET CLEANSING			
24	Employees	473,930	453,790	477,140
25	Transport	177,050	182,550	205,130
26	Supplies and Services	73,590	67,920	72,160
	Central Support Services	100,300	96,500	99,300
	Capital Charges	2,400	2,400	2,400
	Total Expenditure	827,270	803,160	856,130
	Recharges to other services	142,000	142,000	142,000
	Total Income	142,000	142,000	142,000
	Net Expenditure to Summary	685,270	661,160	714,130

Variance Explanations

- 24 The reduction in the 2010/11 revised budget reflects vacancies during the year.
- 25 A reallocation of resources and an increase in fuel costs has resulted in an increase in both the 2010/11 revised and 2011/12 original budget.
- 26 The reduction in the 2010/11 revised budget relates to a reduction in expenditure on stock, this is expected to return to normal levels in 2011/12.

ENVIRONMENTAL SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	ENVIRONMENTAL HEALTH			
	Licences (incl. Hackney Carriages)			
27	Employees	106,750	103,360	92,480
	Transport	4,100	4,100	4,100
28	Supplies and Services	58,540	68,070	69,670
	Central Support Services	37,400	36,500	35,600
	Total Expenditure	206,790	212,030	201,850
29	Fees and Charges	150,500	145,500	141,000
	Total Income	150,500	145,500	141,000
	Net Expenditure to Summary	56,290	66,530	60,850
29a	Public Conveniences			
	Premises	154,600	151,190	150,930
	Transport	300	300	300
	Supplies and Services	3,050	3,050	3,040
	Third Party Payments	52,900	50,800	51,820
	Central Support Services	14,700	14,400	14,500
	Capital Charges	11,300	9,100	9,100
	Total Expenditure	236,850	228,840	229,690
	Fees and Charges	1,890	1,890	1,890
	Total Income	1,890	1,890	1,890
	Net Expenditure to Summary	234,960	226,950	227,800
30	Pest and Dog Control			
	Employees	185,280	180,840	164,170
	Transport	20,600	20,600	19,310
	Supplies and Services	23,550	22,830	23,550
	Central Support Services	59,300	57,800	57,400
	Total Expenditure	288,730	282,070	264,430
	Fees and Charges	15,000	15,000	19,000
	Total Income	15,000	15,000	19,000
	Net Expenditure to Summary	273,730	267,070	245,430

Variance Explanations

- 27 The reduction in cost for both the 2010/11 revised budget and 2011/12 original budget reflects changes in staff apportionments and changes to the establishment. (Note 31)
- 28 The increases in the 2010/11 revised budget and the 2011/12 original budget is due to increased contributions to the Licensing consortium.
- 29 The income for the 2010/11 revised budget and 2011/12 original budget has been reduced to reflect a reduction in the number of licences being issued due to the economic climate.
- 30 The reduction in cost for employees for both the 2010/11 revised budget and 2011/12 original budget reflects changes in staff apportionments and changes in the establishment. (Note 60)

29a Public Conveniences - costs for the rental and maintenance of the Council's public conveniences are within premises and supplies and services.

ENVIRONMENTAL SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	Pollution Reduction			
	Employees	132,740	131,670	129,890
	Transport	7,100	7,100	7,100
	Supplies and Services	16,190	15,720	13,730
	Central Support Services	33,300	32,400	32,700
	Total Expenditure	189,330	186,890	183,420
	Fees and Charges	27,000	27,000	27,000
	Total Income	27,000	27,000	27,000
	Net Expenditure to Summary	162,330	159,890	156,420
	Food Safety			
31	Employees	87,240	84,130	94,150
	Transport	4,500	4,500	4,400
	Supplies and Services	9,320	9,000	6,520
	Central Support Services	27,500	26,800	27,000
	Total Expenditure	128,560	124,430	132,070
32	Fees and Charges	7,000	14,000	12,000
	Total Income	7,000	14,000	12,000
	Net Expenditure to Summary	121,560	110,430	120,070
	Public Health			
31	Employees	213,020	212,880	220,110
	Premises	770	700	710
	Transport	9,600	9,600	9,600
33	Supplies and Services	58,370	60,240	54,400
	Central Support Services	41,800	40,800	41,100
	Total Expenditure	323,560	324,220	325,920
33	Fees and Charges	16,000	22,000	16,000
	Total Income	16,000	22,000	16,000
	Net Expenditure to Summary	307,560	302,220	309,920

Variance Explanations

- 31 The increase in cost for employees for the 2011/12 original budget reflects changes in staff apportionments and changes to the establishment. (Note 27)
- 32 The increase in both the 2010/11 revised budget and 2011/12 original budget is due to more export licences being issued.
- 33 The increase in the 2010/11 revised budget is due to a one off grant from Daventry District Council in respect of the Energy Efficiency Partnership.

ENVIRONMENTAL SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
	COMMUNITY SAFETY	£	£	£
	Safety Services			
	Employees	46,020	45,980	45,290
	Transport	1,100	1,100	1,000
34	Supplies and Services	128,750	134,460	112,790
	Central Support Services	23,100	22,100	22,800
	Total Expenditure	198,970	203,640	181,880
34	Grants and Contributions	33,950	39,700	17,050
35	Amortisation of Government Grants	15,300	13,000	0
	Total Income	49,250	52,700	17,050
	Net Expenditure to Summary	149,720	150,940	164,830
	Crime Reduction			
	Premises	9,420	9,650	9,940
	Supplies and Services	189,450	189,600	189,450
	Third Party Payments	2,700	2,400	2,550
	Central Support Services	3,000	2,900	2,900
	Capital Charges	14,600	13,400	13,400
	Total Expenditure	219,170	217,950	218,240
	Net Expenditure to Summary	219,170	217,950	218,240

Variance Explanations

- 34** The increase in the 2010/11 revised budget is due to additional funding for one off safety initiatives. The 2011/12 original budget reflects a reduction in income from grants which is offset by reduced expenditure.
- 35** This relates to the amortisation of government grants, this has no impact on the Council's overall budget.

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
	FLOOD DEFENCE/LAND DRAINAGE	£	£	£
	Supplies and Services	500	500	500
	Central Support Services	600	600	600
	Total Expenditure to Summary	1,100	1,100	1,100

ENVIRONMENTAL SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
	CEMETERY & CREMATION SERVICES	£	£	£
	Cemeteries			
	Employees	12,110	12,080	12,280
	Premises	12,500	14,550	10,410
	Supplies and Services	990	940	920
	Third Party Payments	80,660	78,950	80,770
	Central Support Services	16,300	15,700	16,800
	Capital Charges	6,800	7,700	8,900
	Total Expenditure	129,360	129,920	130,080
	Fees and Charges	98,000	98,000	98,000
	Total Income	98,000	98,000	98,000
	Net Expenditure to Summary	31,360	31,920	32,080
	Crematorium			
36	Employees	175,310	168,630	175,260
37	Premises	114,130	101,180	126,560
	Transport	4,100	4,100	2,600
38	Supplies and Services	201,690	200,700	235,830
	Third Party Payments	61,610	58,780	60,960
	Central Support Services	62,700	60,200	60,900
	Capital Charges	28,200	28,200	28,200
	Total Expenditure	647,740	621,790	690,310
39	Fees and Charges	1,305,100	1,279,100	1,379,130
	Total Income	1,305,100	1,279,100	1,379,130
	Net Income to Summary	(657,360)	(657,310)	(688,820)

Variance Explanations

- 36 The reduction in the 2010/11 revised budget reflects vacancies during the year.
- 37 The reduction in the Premises costs for the 2010/11 revised budget is due to credits being received for previous years utility bills. The increase in the 2011/12 original budget is due to higher costs for gas and electricity.
- 38 The increase in the 2011/12 original budget reflects costs for the realignment of the cremator and other operational costs, these additional costs will be offset by increased income.
- 39 The reduction in the 2010/11 revised budget is due to reduced demand. The increase in income for 2011/12 original budget is due to a new pricing structure.

ENVIRONMENTAL SERVICES TOTAL <i>Equal Global Summary Line 2</i>	4,106,960	4,121,810	3,858,440
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PLANNING & DEVELOPMENT SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	PLANNING POLICY			
40	Employees	422,120	398,720	409,690
	Transport	9,300	9,300	8,700
41	Supplies and Services	197,820	190,350	178,720
	Central Support Services	120,200	116,600	120,300
	Capital Charges	20,900	19,000	19,000
	Total Expenditure	770,340	733,970	736,410
42	Grants and Contributions	0	43,250	19,700
43	Amortisation of Government Grants	82,900	0	0
	Total Income	82,900	43,250	19,700
	Net Expenditure to Summary	687,440	690,720	716,710

Variance Explanations

- 40 The reduction in the 2010/11 revised budget reflects vacancies during the year.
- 41 The change in both the 2010/11 revised budget and 2011/12 original budget reflects a reduced contribution to the Joint Planning Unit (JPU).
- 42 The change in the 2010/11 revised budget reflects a reimbursement for consultancy work from NCC. Both the 2010/11 revised and 2011/12 original contribution to the JPU has reduced resulting in a reimbursement.
- 43 This relates to the amortisation of government grants, this has no impact on the Council's overall budget.

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	ENVIRONMENTAL INITIATIVES			
	Employees	64,570	61,480	60,740
	Transport	2,100	2,100	2,100
44	Supplies and Services	27,060	55,570	10,620
	Central Support Services	25,200	24,200	24,600
	Total Expenditure to Summary	118,930	143,350	98,060
44	Grants & Contributions	0	42,800	0
	Total Income	0	42,800	0
	Net Expenditure to Summary	118,930	100,550	98,060

Variance Explanations

- 44 Increase in income and expenditure for the 2010/11 revised budget is due to one-off income from Northamptonshire County Council. The reduction in the 2011/12 original budget reflects withdrawal for a jointly funded post which is currently vacant.

PLANNING & DEVELOPMENT SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	DEVELOPMENT CONTROL			
45	Employees	1,073,750	994,320	1,003,960
	Transport	30,400	30,400	30,400
46	Supplies and Services	147,080	161,880	136,180
47	Central Support Services	337,900	327,500	348,800
	Total Expenditure	1,589,130	1,514,100	1,519,340
48	Grants and Contributions	733,200	32,400	0
	Fees and Charges	29,000	29,000	29,000
49	Planning Fees	371,000	366,000	371,000
	Total Income	1,133,200	427,400	400,000
	Net Expenditure to Summary	455,930	1,086,700	1,119,340

Variance Explanations

- 45 The reduction in budgets is due to vacancies and changes to the establishment. (Note 56)
- 46 The increase in the 2010/11 revised budget is due to a contribution to MKSM and increased legal costs. The reduction in 2011/12 is due to reduced IT costs.
- 47 Re-alignment of the Council's support service recharges result in an increase in the 2011/12 original budget.
- 48 The reduction in both the 2010/11 revised budget and 2011/12 original budget relates to the removal of the Housing Planning Delivery Grant, in addition the Area Based Grant has been removed from 2011/12. These are due to central government grant reductions.
- 49 The reduction in the 2010/11 revised budget for planning fees reflects a downturn in the housing market due to the economic climate. The Council has and continues to be heavily involved in lobbying to highlight the inadequacy and inequity of the current levels of statutory fees. The Government are expected to increase fee levels nationally for 2011/12 before moving to locally set fees. This has not been built into the 2011/12 budget.

PLANNING & DEVELOPMENT SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
50	BUILDING CONTROL			
	Employees	172,900	164,790	129,660
	Transport	7,600	7,600	7,600
	Supplies and Services	22,570	24,300	20,880
	Third Party Payments	2,000	1,800	1,890
	Central Support Services	115,100	112,000	117,100
	Total Expenditure	320,170	310,490	277,130
	Fees and Charges	153,000	153,000	153,000
	Total Income	153,000	153,000	153,000
	Net Expenditure to Summary	167,170	157,490	124,130

Variance Explanations

50 The change in the 2011/12 original budget relates to a reduction in staff costs.

PLANNING & DEVELOPMENT SERVICES

Ref		Original 2010/11 £	Revised 2010/11 £	Original 2011/12 £
	ECONOMIC DEVELOPMENT			
	Support to Business and Enterprise			
51	Employees	133,700	111,340	113,460
	Premises	1,750	3,400	3,050
	Transport	2,050	2,050	600
52	Supplies and Services	108,260	118,570	96,540
	Third Party Payments	34,600	31,000	32,730
	Central Support Services	20,000	19,300	19,600
53	Capital Charges	86,800	306,300	120,300
	Total Expenditure	387,160	591,960	386,280
	Rent Land & Buildings	41,500	41,500	41,500
54	Amortisation of Government Grants	252,300	3,547,000	0
	Total Income	293,800	3,588,500	41,500
	Net Expenditure to Summary	93,360	(2,996,540)	344,780
	Kettering Borough Trainers			
55	Employees	446,200	381,560	285,750
55	Premises	32,910	27,970	28,130
55	Transport	25,000	20,700	16,300
55	Supplies and Services	178,550	171,170	169,840
55	Third Party Payments	3,260	2,900	3,080
55	Central Support Services	101,700	98,000	96,900
	Total Expenditure	787,620	702,300	600,000
55	Grants and Contributions	787,620	542,300	600,000
	Total Income	787,620	542,300	600,000
	Net Expenditure to Summary	0	160,000	0

Variance Explanations

- 51 The reduction in budgets is due to vacancies and a change in staff apportionments. (Note 6)
- 52 The reduction in the 2011/12 original budget reflects a reallocation of resources to Sports Development and Community Recreation. (Note 7)
- 53 The increase in the 2010/11 revised budget and 2011/12 original budget reflects capital charges arising from Town Centre improvements, this has no impact on the Council's overall budget. The expenditure (grant) on which it is based is shown on note 54.
- 54 This relates to the amortisation of government grants, this has no impact on the Council's overall budget.
- 55 A review of the KBT function is currently underway. National funding changes has resulted in income reducing significantly. Any changes will be implemented from 2011/12 to ensure the service breakeven.

PLANNING & DEVELOPMENT SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
56	COMMUNITY DEVELOPMENT			
	Employees	111,170	113,970	121,090
	Transport	3,900	3,900	3,800
57	Supplies and Services	2,900	56,660	2,670
	Central Support Services	27,800	26,700	27,800
	Capital Charges	4,100	0	0
	Total Expenditure	149,870	201,230	155,360
57	Grants and Contributions	0	53,950	0
	Total Income	0	53,950	0
	Net Expenditure to Summary	149,870	147,280	155,360

Variance Explanations

- 56** The increase in employee costs for the 2011/12 original budget reflects changes to staff apportionments. (Note 45)
- 57** A one-off grant received from NCC to fund various youth projects results in both an increase in income and expenditure for 2010/11 revised budget.

PLANNING & DEV SERVICES TOTAL <i>Equal Global Summary Line 3</i>	1,672,700	(653,800)	2,558,380
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HIGHWAYS, ROADS & TRANSPORT

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	HIGHWAYS AND ROADS			
	Employees	75,060	79,450	75,070
	Premises	21,190	21,190	21,190
	Transport	8,800	8,800	6,500
	Supplies and Services	50,140	50,110	50,060
	Third Party Payments	292,650	282,320	290,900
	Central Support Services	38,800	37,400	36,800
58	Capital Charges	14,500	132,100	15,300
	Total Expenditure	501,140	611,370	495,820
59	Fees and Charges	100,000	122,500	122,500
	Total Income	100,000	122,500	122,500
	Net Expenditure to Summary	401,140	488,870	373,320
	PARKING SERVICES			
60	Employees	148,650	135,640	163,170
61	Premises	81,020	62,810	61,790
	Transport	3,400	3,400	7,250
62	Supplies and Services	41,110	41,090	55,950
	Third Party Payments	117,790	117,500	117,760
	Central Support Services	47,300	45,100	47,100
	Capital Charges	13,200	13,500	15,000
	Total Expenditure	452,470	419,040	468,020
	Fees and Charges	743,900	743,900	743,900
	Total Income	743,900	743,900	743,900
	Net Income to Summary	(291,430)	(324,860)	(275,880)

Variance Explanations

- 58 Increase in the 2010/11 revised budget relates to a deferred charge whereby capital expenditure is incurred for which no capital asset is created, this has no impact on the Council's overall revenue budget.
- 59 The increase in fees and charges reflect a greater contribution from NCC for highway verge cutting.
- 60 The reduction in employee costs for 2010/11 reflects vacancies during the year. The increase in cost for employees for the 2011/12 original budget reflects changes in staff apportionments and changes to the establishment. (Note 30)
- 61 Reduced premises expenditure in both the 2010/11 revised and 2011/12 original reflects a reduction in Business Rates.
- 62 The increase in supplies and services for the 2011/12 original budget is to allow for one off set up costs for residents parking.

HIGHWAYS, ROADS & TRANSPORT

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	CONCESSIONARY TRAVEL			
62	Employees	16,060	15,040	0
62	Transport	400	400	0
62	Supplies and Services	1,140,090	1,226,940	0
62	Central Support Services	171,900	166,700	0
	Total Expenditure	1,328,450	1,409,080	0
62	Fees and Charges	230,800	602,650	0
	Total Income	230,800	602,650	0
	Net Expenditure to Summary	1,097,650	806,430	0

Variance Explanations

62 The transfer of concessionary travel from districts to counties from 1 April 2011 has result in Shire Districts having their grant reduced by the amount of expenditure incurred on concessionary travel. Since we are looking at how much "grant" should be transferred between tiers, the basis of any subsequent transfer must surely be based on grant (and not expenditure). This approach has resulted in a number of Shire Districts having grant taken away from them that they have never received! The two issues that illustrate this total just under £300,000 for KBC are as follows:

1) Discretionary Scheme Top Ups - KBC supplemented the statutory scheme to provide an enhanced level of service at peak times. No grant was ever received for this and this cost the Council about £120,000 per year.

2) Support Allocations - Overheads of £175,000 have been charged to concessionary travel, although it is possible to argue a small percentage of this amount may be covered by historic grant allocations, the majority of this figure relates to complying with good accounting practice for cost allocations - as such they were costs that will remain and need to be met by the Council, but have been removed from the core grant.

HIGHWAYS & TRANSPORT TOTAL <i>Equal Global Summary Line 4</i>	1,207,360	970,440	97,440
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HOUSING SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	HOUSING STRATEGY			
	Employees	52,070	51,070	50,810
	Transport	1,100	1,100	1,000
63	Supplies and Services	30,280	30,190	14,630
	Central Support Services	32,700	31,400	32,200
	Net Expenditure to Summary	116,150	113,760	98,640
64	Amortisation of Government Grants	0	193,000	193,000
	Total Income	0	193,000	193,000
	Net Expenditure to Summary	116,150	(79,240)	(94,360)
	HOMELESSNESS & PREVENTION			
65	Employees	87,060	158,170	85,240
	Premises	3,490	6,150	2,760
	Transport	2,700	4,200	5,550
65	Supplies and Services	261,960	343,580	262,420
	Third Party Payments	5,000	4,240	4,760
	Central Support Services	38,000	36,500	35,600
	Capital Charges	4,400	1,800	1,800
	Total Expenditure	402,610	554,640	398,130
	Rents	3,000	3,000	3,000
65	Grants and Contributions	127,000	275,180	234,000
	Total Income	130,000	278,180	237,000
	Net Expenditure to Summary	272,610	276,460	161,130
	PASTURE CARAVAN SITE			
	Premises	18,500	21,500	17,500
	Supplies and Services	31,090	31,090	31,080
	Central Support Services	5,500	5,300	5,400
66	Capital Charges	75,500	14,500	75,900
	Total Expenditure	130,590	72,390	129,880
	Rents	31,300	34,300	31,300
	Fees and Charges	8,000	9,000	8,000
65	Amortisation of Government Grants	83,000	31,000	583,500
	Total Income	122,300	74,300	622,800
	Net Expenditure to Summary	8,290	(1,910)	(492,920)

Variance Explanations

- 63** The reduction in 2011/12 original budget for supplies and services is due to the annual housing conference no longer taking place. This has resulted in savings on event costs, room hire and printing costs, this has been used to finance additional IT costs (Note 68).
- 64** This relates to the amortisation of government grants, this has no impact on the Council's overall budget.
- 65** The increase in the 2010/11 revised budget and the 2011/12 original budget is due to additional grants being received from CLG in respect of homelessness prevention. In addition income has also increased due to the use of PSL properties and bed and breakfast accommodation.
- 66** Capital expenditure has been deferred from 2010/11 to 2011/12 resulting in lower capital charges for 2010/11 and an increased charge in 2011/12, this has no impact on the Council's overall revenue budget.

HOUSING SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	HOUSING ADVICE			
67	Employees	195,940	179,940	191,560
	Transport	6,200	9,200	9,250
68	Supplies and Services	45,520	64,270	64,870
	Central Support Services	43,300	41,900	47,000
	Total Expenditure	290,960	295,310	312,680
	Fees and Charges	100,000	100,000	100,000
	Total Income	100,000	100,000	100,000
	Net Expenditure to Summary	190,960	195,310	212,680
	HOUSING ASSOCIATIONS			
69	Employees	39,010	31,010	38,780
	Transport	1,000	500	350
	Supplies and Services	1,110	1,040	1,000
	Central Support Services	24,600	23,800	24,000
	Total Expenditure	65,720	56,350	64,130
70	Fees and Charges	3,000	0	10,000
	Total Income	3,000	0	10,000
	Net Expenditure to Summary	62,720	56,350	54,130
	HOUSING ADVANCES			
	Central Support Services	4,200	4,100	4,100
	Net Expenditure to Summary	4,200	4,100	4,100

Variance Explanations

- 67 The reduction in employee costs for 2010/11 revised budget is due to a delay in the Young Persons Project. The project is due to commence in 2011/12 once Social Services have developed a Young Persons Protocol.
- 68 The increase in the 2010/11 revised budget and 2011/12 original budget is due to increased IT costs for the housing system. For 2010/11 this has been funded by reduced employee costs (Note 67) in 2011/12 this is being funded by reductions in supplies and services in Housing Strategy (Note 63).
- 69 The reduction in the 2010/11 revised budget is due to savings from an employee being on maternity leave.
- 70 The change in the 2011/12 original budget is due to charges being introduced for advertising on Kettering Keyways, which is the where Registered Social Landlords (RSL) advertise vacant properties.

HOUSING SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	PRIVATE SECTOR HOUSING RENEWAL			
71	Employees	46,720	48,720	55,650
	Transport	1,800	1,800	1,750
71	Supplies and Services	13,480	8,390	7,330
	Central Support Services	24,600	23,900	25,200
72	Capital Charges	750,100	1,036,100	925,100
	Total Expenditure	836,700	1,118,910	1,015,030
	Fees and Charges	298,000	350,000	0
	Total Income	298,000	350,000	0
	Net Expenditure to Summary	538,700	768,910	1,015,030

Variance Explanations

- 71 The increase in 2011/12 original budget reflects changes to the establishment, this is offset by the reduction in the supplies and services budget.
- 72 Increase in the 2010/11 revised budget and 2011/12 original budget relate to a deferred charge whereby capital expenditure is incurred for which no capital asset is created, this has no impact on the Council's overall revenue budget.

HOUSING SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	HOUSING BENEFITS			
73	Employees	436,590	464,960	436,060
	Transport	6,150	6,150	6,150
74	Supplies and Services	58,220	66,520	52,230
75	Transfer Payments	20,503,500	20,503,500	22,000,000
76	Central Support Services	236,500	229,200	246,500
	Total Expenditure	21,240,960	21,270,330	22,740,940
74&75	Grants and Contributions	20,834,370	20,844,670	22,322,000
	Total Income	20,834,370	20,844,670	22,322,000
	Net Expenditure to Summary	406,590	425,660	418,940

Variance Explanations

- 73 Increased employee costs for 2010/11 revised budget results from a higher case load of benefit applications, which is reflective of the current economic climate.
- 74 The 2010/11 revised budget for both income and expenditure has increased due to a one off grant received from DWP to fund new initiatives. The 2011/12 original budget reflects the reduction in the DWP grant the Council receives for the administration of Housing Benefits, this is despite an increase in caseload.
- 75 Increased benefit awarded in respect of Housing Benefit is offset by subsidy received.
- 76 Re-alignment of the Council's support service recharges result in changes to the 2010/11 revised budget and 2011/12 original budget.

HOUSING SERVICES TOTAL			
<i>Equal Global Summary Line 5</i>	1,600,220	1,645,640	1,278,730

CORPORATE AND DEMOCRATIC SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	Corporate and Democratic Services			
	Employees	177,930	178,010	178,020
	Transport	23,800	23,800	24,300
77	Supplies and Services	629,530	642,390	615,880
78	Central Support Services	1,213,700	1,176,200	1,204,400
	Capital Charges	2,100	4,700	4,700
	Total Expenditure	2,047,060	2,025,100	2,027,300
	Recharges to other services	95,000	95,000	98,000
	Total Income	95,000	95,000	98,000
	Net Expenditure to Summary	1,952,060	1,930,100	1,929,300

Variance Explanations

- 77 The increase in the 2010/11 revised budget reflects interest on temporary short term borrowing being greater than previously anticipated. The reduction in 2011/12 budget reflects the councils withdrawal from the Northamptonshire Area Procurement Services (NAPS).
- 78 Re-alignment of the Council's support service recharges result in changes to the 2010/11 revised budget and 2011/12 original budget.

CORPORATE & DEMOCRATIC TOTAL <i>Equal Global Summary Line 6</i>	1,952,060	1,930,100	1,929,300
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CENTRAL SERVICES TO THE PUBLIC

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	Local Tax Collection			
79	Employees	910,810	887,230	894,360
	Transport	12,400	12,400	12,400
80	Supplies and Services	220,700	216,690	207,790
	Transfer Payments	5,674,300	5,672,300	5,674,300
81	Central Support Services	603,200	582,900	622,300
	Total Expenditure	7,421,410	7,371,520	7,411,150
82	Fees and Charges	215,000	222,300	390,000
83	Grants and Contributions	6,062,470	6,060,470	6,053,600
	Total Income	6,277,470	6,282,770	6,443,600
	Net Expenditure to Summary	1,143,940	1,088,750	967,550
	Elections			
	Employees	35,000	35,000	35,000
	Transport	900	1,050	900
84	Supplies and Services	33,700	85,450	33,700
	Central Support Services	105,100	105,100	102,100
	Total Expenditure	174,700	226,600	171,700
84	Fees and Charges	4,000	56,000	4,000
	Total Income	4,000	56,000	4,000
	Net Expenditure to Summary	170,700	170,600	167,700

Variance Explanations

- 79 The reduction in budgets relates to vacancies and changes in allocations.
- 80 The reduction in budgets is due to savings made on advertising and a review of IT support costs.
- 81 Re-alignment of the Council's support service recharges result in changes to the 2010/11 revised budget and 2011/12 original budget.
- 82 The Fees and Charges workstream reviewed penalty charges and court costs for Council Tax and NNDR payers, targeting those individuals and businesses who choose not to pay. This has resulted in an increase in charges and is reflected in the 2011/12 original budget.
- 83 The 2011/12 original budget reflects the reduction in the DWP grant the Council receives for the administration of Council Tax Benefit, this is despite an increase in caseload.
- 84 Increased expenditure and income in the 2010/11 revised budget was due to the General Elections held in June 2010. The costs associated with these elections was reimbursed in full.

CENTRAL SERVICES TO THE PUBLIC

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
85	Local Land Charges			
	Employees	130,350	130,240	116,310
	Premises	7,000	6,600	6,800
	Transport	1,100	1,100	1,100
	Supplies and Services	29,480	28,490	28,160
	Central Support Services	99,500	97,100	97,600
	Total Expenditure	267,430	263,530	249,970
86	Fees and Charges	120,000	74,000	75,000
	Total Income	120,000	74,000	75,000
	Net Expenditure to Summary	147,430	189,530	174,970
87	Town and Parish Councils			
	Premises	2,500	2,500	2,500
	Supplies and Services	117,840	117,840	99,310
	Central Support Services	15,300	15,300	15,100
	Total Expenditure to Summary	135,640	135,640	116,910
88	Grants			
	Employees	30,760	29,810	29,460
	Transport	750	750	800
	Supplies and Services	363,000	386,960	318,740
	Central Support Services	20,900	20,300	19,600
	Capital Charges	32,000	32,000	32,000
	Total Expenditure	447,410	469,820	400,600
88	Grants and Contributions	0	24,000	0
	Total Income	0	24,000	0
	Net Expenditure to Summary	447,410	445,820	400,600

Variance Explanations

- 85** The 2011/12 original budget reflects changes in the establishment.
- 86** The Council has previously lobbied the Government that the statutory fee of £11 for land searches was too low. Following a review by CLG, the statutory fee level was increased to £22 in January 2010. Although this did not meet the request for full recovery, it was a step in the right direction. Following the increase, a legal challenge was made by the private search companies who cited European Law as the basis that no charge should be made for access to the local land charges register. Following a lengthy legal process, the Government have now changed the regulations. This effectively means that local authorities can no longer charge the £22 statutory fee. Both the 2010/11 revised budget and 2011/12 original budget reflects this change.
- 87** The reduction in the grant levels to the Town and Parish Councils reflect the Council policy decision to align grants to the settlement the council receives.
- 88** The increase in the 2010/11 revised budget reflects a grant payment to the Groundwork Trust, the one off income received from NCC off sets this. The reduction in the 2011/12 original budget is due to grants no longer being paid.

CENTRAL SERVICES TOTAL <i>Equal Global Summary Line 7</i>	2,045,120	2,030,340	1,827,730
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TRADING SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	MARKETS			
	Premises	3,090	3,090	3,090
	Supplies and Services	650	650	650
	Third Party Payments	38,140	37,520	38,320
	Central Support Services	600	600	600
	Capital Charges	400	300	300
	Total Expenditure	42,880	42,160	42,960
89	Rents	15,000	11,000	12,000
	Total Income	15,000	11,000	12,000
	Net Expenditure to Summary	27,880	31,160	30,960
	INDUSTRIAL/COMMERCIAL PREMISES			
90	Premises	62,250	50,180	82,550
	Supplies and Services	27,500	26,000	23,600
91	Third Party Payments	50,380	44,200	47,660
	Central Support Services	91,800	91,500	89,800
92	Capital Charges	62,900	40,000	40,000
	Total Expenditure	294,830	251,880	283,610
93	Rents	828,100	856,500	839,990
	Total Income	828,100	856,500	839,990
	Net Expenditure to Summary	(533,270)	(604,620)	(556,380)

Variance Explanations

- 89 The reduction in income from market rents reflects the current economic climate.
- 90 The increase in premises costs for 2011/12 original budget is due to an increase in business rates.
- 91 The 2010/11 revised and 2011/12 original budget reflects a reduction in repairs and maintenance expenditure to the industrial units due to increased occupancy levels.
- 92 The increase in the 2010/11 revised and 2011/12 original budgets is due to changes in financial reporting, assets previously classed as other land and buildings under UKGAAP are now classified as investment properties under IFRS. Assets held as investment properties are not depreciated. This has no effect on the Council's overall revenue budget.
- 93 The 2010/11 revised budget reflects an increase in occupation rates.

TRADING SERVICES

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	PROPERTY MAINTENANCE			
94	Employees	179,800	153,060	151,690
95	Transport	28,360	20,880	29,720
	Supplies and Services	46,460	46,380	49,600
	Third Party Payments	60,060	60,060	60,060
96	Central Support Services	21,400	21,400	30,600
	Total Expenditure	336,080	301,780	321,670
	Fees and Charges	6,010	6,010	6,010
97	Recharges to other services	330,070	295,770	315,660
	Total Income	336,080	301,780	321,670
	Net Income / Expenditure to Summary	0	0	0
	GROUND MAINTENANCE			
98	Employees	961,920	915,690	967,690
	Premises	1,470	2,580	2,640
99	Transport	291,700	322,270	310,250
	Supplies and Services	108,380	104,090	107,800
	Third Party Payments	34,300	34,000	34,300
100	Central Support Services	152,800	147,200	144,900
	Capital Charges	5,100	5,100	5,100
	Total Expenditure	1,555,670	1,530,930	1,572,680
101	Fees and Charges	30,000	30,000	40,000
97	Recharges to other services	1,525,670	1,500,930	1,532,680
	Total Income	1,555,670	1,530,930	1,572,680
	Net Income to Summary	0	0	0

Variance Explanations

- 94 The reduction in employee costs reflects a reallocation of resources.
- 95 The reduction in the 2010/11 revised budget reflects reduced lease payments. A reallocation of resources and increase in fuel costs has resulted in an increase in the 2011/12 original budget.
- 96 Changes in central support costs better reflects allocation of where resources are being utilised.
- 97 The reduced recharges for both the 2010/11 revised budget and the 2011/12 original budget reflects changes in costs charged to these functions that are then reallocated to services.
- 98 The reduction in the 2010/11 revised budget reflects vacant posts.
- 99 The increase in 2010/11 revised and 2011/12 original budgets for fleet cost represent a reallocation of resources and an increase in fuel costs.
- 100 Changes in central support costs better reflects allocation of where resources are being utilised.
- 101 The increased budget reflects an increase in chargeable grounds maintenance works, to users of the service.

TRADING SERVICES TOTAL <i>Equal Global Summary Line 8</i>	(505,390)	(573,460)	(525,420)
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CAPITAL FINANCING

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	CAPITAL CHARGES			
102	HRA Support Services Adjustment	89,900	89,900	89,500
	Total Expenditure	89,900	89,900	89,500
103	Surplus on Depreciation Charges	(1,652,600)	(1,521,900)	(1,477,300)
	Total Surplus on Depreciation Charges	(1,652,600)	(1,521,900)	(1,477,300)
	Net Income to Summary	(1,562,700)	(1,432,000)	(1,387,800)
	DEFERRED CHARGES & MRP			
104	Surplus from Deferred Charges Account	170,060	2,929,800	(114,800)
	Total Income to Summary	170,060	2,929,800	(114,800)
	INTEREST & INVESTMENT INCOME			
	Interest Payable to HRA	15,200	6,150	6,150
105	Interest Receivable from HRA	(98,700)	(28,950)	(29,540)
	Interest - Officers Car Purchase Account	(8,000)	(8,000)	(8,000)
	Interest - General Fund	(15,000)	(15,000)	(15,000)
	Total Income to Summary	(106,500)	(45,800)	(46,390)

Variance Explanations

- 102** This adjustment negates the impact depreciation has on the Housing Revenue Account when recharges are made to the HRA via support services, this ensures depreciation is a notional charge and not an actual charge to the HRA.
- 103** The surplus on Capital Charges reflects the reversal of entries made within the Service Revenue Accounts and has no impact on the Council's overall budget.
- 104** This budget reflects 3 accounting adjustments:-
- a. Deferred charges relate to capital expenditure for which no capital asset is created, it reverses out costs in the Service Revenue Accounts and has no impact on the Council's overall budget.
 - b. Amortisation of grants used to finance capital expenditure, works the opposite way to deferred charges by reversing income out of the Service Revenue Account. This similarly has no impact on the Council's overall budget.
 - c. Minimum Revenue Provision (MRP) is a statutory amount the Council must provide for future repayment of internal debt. This has a "real" impact on the overall budget.
- 105** This reflects the borrowing/investment position of the HRA. The GF effectively pays the HRA for any balances that it holds and the HRA pays the GF for any borrowings it uses to finance its part of the capital programme.

CAPITAL FINANCING TOTAL			
<i>Equal Global Summary Line 12 - 15</i>	(1,499,140)	1,452,000	(1,548,990)

CORPORATE PRIORITY MATRIX 2011/12

		1. Sustainable Communities				2. Customer Services			3. The Environment		4. Community and Rural	
Corporate Priority	Stronger Town Centres	Economy and Skills	Design Standards for Buildings	Managing Growth	Access to Services	Efficient Effective Services	Greener	Cleaner	Tackling Anti-Social Behaviour and Crime	Active Citizens		
Service Area	1A	1B	1C	1D	2A	2B	3A	3B	4A	4B		
CULTURAL AND RELATED SERVICES												
Recreation and Sport	✓					✓	✓			✓		
Indoor Sports & Recreation facilities							✓			✓		
Community Centres										✓		
Sports Dev & Community Recreation												
Open Spaces												
Community Parks and Open Spaces							✓			✓		
Allotments										✓		
Tourism					✓	✓				✓		
Culture and Heritage	✓				✓		✓			✓		
Art Gallery	✓				✓		✓			✓		
Museum												
ENVIRONMENTAL SERVICES												
Waste Collection												
Household Waste Collection					✓	✓	✓	✓				
Recycling					✓	✓	✓	✓				
Street Cleaning						✓	✓	✓				
Environmental Health												
Licences					✓		✓	✓	✓			
Public Conveniences								✓				
Pest and Dog Control					✓			✓				
Pollution Reduction					✓		✓	✓				
Food Safety					✓			✓				
Public Health												
Community Safety (Safety Services)						✓			✓	✓		
Community Safety (Crime Reduction)						✓			✓	✓		
Flood Defence and Land Drainage												
Cemetery and Cremation Services												
Cemeteries					✓							
Crematorium					✓							
PLANNING & DEVELOPMENT												
Planning Policy	✓	✓	✓	✓	✓	✓						
Environmental Initiatives							✓	✓				
Development Control	✓		✓	✓	✓	✓						
Building Control			✓		✓	✓						
Economic Development												
Support to Business & Enterprise	✓	✓	✓	✓	✓	✓			✓	✓		
Kettering Borough Trainers		✓		✓	✓	✓			✓	✓		
Community Development	✓											
HIGHWAYS, ROADS AND TRANSPORT												
Highways and Roads	✓											
Parking Services	✓											
Public Transport	✓											
HOUSING SERVICES												
Housing Strategy			✓	✓					✓			
Homelessness					✓				✓			
Pasture Caravan Site			✓									
Housing Advice					✓				✓			
Housing Associations			✓	✓								
Housing Act Advances												
Private Sector Housing Renewal			✓	✓	✓							
Housing Benefits												
CORPORATE & DEMOCRATIC CORE												
CENTRAL SERVICES TO THE PUBLIC												
Local Taxation					✓							
Elections					✓							
Local Land Charges					✓							
Town and Parish Councils												
Grants	✓	✓		✓	✓	✓			✓	✓		
TRADING SERVICES												
General market	✓											
Industrial Sites		✓		✓								
Property Maintenance												
HOUSING REVENUE ACCOUNT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Key - Service supports Corporate Priority	✓											

GF Expenditure (Excl. Benefit payments and corporate costs.)	20,338,000	£6,221,850	£3,374,700	£6,527,450	£4,214,000
HRA Expenditure (Excl. Subsidy payments)	8,637,000	£6,478,350	£431,400	£431,400	£1,294,850
Capital Expenditure (See page 36 - 39 for detail.)	7,231,000	£4,912,000	£2,200,000	£119,000	£0
Estimated Gross Expenditure (excluding benefit payments)	36,206,000	£17,612,200	£6,006,100	£7,077,850	£5,508,850
TOTAL EXPENDITURE ON CORPORATE PRIORITIES			£36,205,000		

ANALYSIS OF RESERVES

	01/04/2010	31/03/2011
	£'000	£'000
Major Reserves:		
Economic Development & Regeneration	3,241	3,241
Organisational Development	418	368
Mercury Abatement	302	408
Total Major Reserves	3,961	4,017
Minor Reserves		
Burton Wold Wind Farm	58	58
Ward Initiatives	16	16
Licensing	22	22
Community Projects & Street Scence	30	30
Housing Act Advances	11	11
Planning	35	35
DWP	20	20
Elections	50	70
Total Minor Reserves	242	262
Others;		
Kettering Borough Trainers	135	0
Healthy Living Centre	17	17
Total Other Reserves	152	17
Total Reserves	4,355	4,296

GLOSSARY

Detailed below is a summary of CIPFA's standard subjective classification, this has been included to provide an overview of the types of expenditure that are included in each of the subjective classifications;

Employee Costs

Includes gross salaries of all employees together with the costs for National Insurance and pension costs.

It also includes indirect employee expenditure consisting of;

- Staff advertising
- Training
- Interview expenses
- Relocation expenses
- Professional membership fees.

Premises Costs

Covers expenses directly related to the running of premises and land this includes;

- Cost of revenue repairs
- Utility costs
- Rents and rates

Transport Costs

Includes all transport costs and staff travelling allowances.

Supplies and Services

Covers all items of expenditure not covered by the above headings, such as the purchase and maintenance of equipment and furniture, purchase of stationary and subscription costs.

Transfer Payments

Relates to payments for which no goods or services are received by the Council e.g. Rent Allowances.

Third Party Payments

Payments made to external providers in return for the provision of a service.

Central Support Services

Examples of Central Support Costs include;

- Accountancy
- Legal
- Human Resources

These departments recharge their costs in full to users of their services. The method for recharging these services is dependant on the service being provided.

Capital Charges

Capital charges consist of depreciation and deferred charges. deferred charges relate to capital expenditure which does not result in the authority creating a fixed asset.

An accounting adjustment is made to ensure both depreciation and deferred charges have a nil impact on the taxpayer.

Income

Revenue income received by the authority includes;

- Rents
- Fees and charges

Kettering

Borough Council

DRAFT BUDGET BOOKLET - 2011/12

Section 2

Capital Programme 2011 - 2014

DRAFT CAPITAL PROGRAMME 2010 - 2014

	2010/11		2011/12	2012/13	2013/14
	Original Estimate	Latest Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
	£000	£000	£000	£000	£000
1. EXPENDITURE SUMMARY:					
A. HOUSING SCHEMES (HRA)	2,444	2,527	2,460	2,460	2,460
B. GENERAL FUND SCHEMES:					
Private Sector Housing Improvement	975	1,036	543	543	543
Investment & Repair Programme	871	498	2,577	76	76
Community Project Schemes	5,528	4,671	1,201	101	101
IT Replacement programme	400	577	200	200	200
Invest To Save Projects	50	0	250	250	250
Total	10,268	9,309	7,231	3,630	3,630
2. FINANCING ANALYSIS:					
Major Repairs Allowance (MRA)	2,444	2,444	2,460	2,460	2,460
Capital Receipts - Right to Buy	100	100	200	200	200
Capital Receipts - Suite 16	1,243	0	1,243	0	0
External Borrowing	1,637	2,161	2,201	427	427
Revenue Contribution	50	80	0	0	0
Grants and Contributions	4,794	4,524	1,127	543	543
Total	10,268	9,309	7,231	3,630	3,630

DRAFT CAPITAL PROGRAMME 2010 - 2014

Scheme	2010/11		2011/12	2012/13	2013/14
	Original Estimate	Latest Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
	£000	£000	£000	£000	£000
HOUSING REVENUE ACCOUNT					
Kitchen & Bathroom Renewal					
Decent Homes - Round Up	291	291	452	366	366
Sheltered Accommodation Upgrading					
Digital Switch Over - communal areas	50	50	0	50	50
Door Entry Scheme	40	50	35	80	80
Window Renewal Programme					
Decent Homes - Bracknell Window Renewals	70	70	149	70	70
Central Heating					
Decent Homes - Upgrades	284	284	110	300	300
Decent Homes - Replace Oil Tanks	74	0	40	90	90
Other Schemes					
Decent Homes - Re-Roofing	86	86	160	100	100
Decent Homes - External Wall Repairs	0	0	25	64	64
Improving Access for Disabled People	300	303	300	300	300
Decent Homes - Electrical Upgrades	142	142	100	150	150
Decent Homes - Fire Precautions	107	107	225	120	120
Composite Door Replacements	150	150	226	140	140
Decent Homes - Asbestos Removal	75	75	0	70	70
Structural Improvements	150	191	150	150	150
External Wall Insulation	47	47	109	0	0
Internal Wall Insulation	50	75	138	50	50
Environmental Improvements - Highfields	200	200	34	200	200
Environmental Improvements - Rosewood Pl.	123	53	170	0	0
Housing Repairs Appointment System	0	67	0	0	0
Decent Homes - Other works	150	150	37	160	160
Stock Condition Survey	0	11	0	0	0
Eco Homes	55	125	0	0	0
Sub Total	2,444	2,527	2,460	2,460	2,460

Scheme	2010/11		2011/12	2012/13	2013/14
	Original Estimate	Latest Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
	£000	£000	£000	£000	£000
GENERAL FUND					
<u>Private Sector Housing Improvement</u>					
Rolling Programme:					
Minor Works / Renovation / DFG's	450	450	318	318	318
Private Sector Decent Homes Project	250	240	100	100	100
Sub Regional Choice Based Lettings	50	43	0	0	0
Social Housing Grants	200	278	100	100	100
Home Energy Initiative	25	25	25	25	25
Sub Total	975	1,036	543	543	543
<u>Investment & Repair Programme</u>					
Rolling Programme:					
Swimming Pool Plant Renewal	26	26	26	26	26
Repair/Replacement:					
Pastures Caravan Site - New Site	600	30	584	0	0
Desborough Cemetery - Paths & Drainage	70	51	0	0	0
Rothwell Rd Cemetery - Extension	0	33	397	0	0
Enhancements:					
Robinson Way Depot - Various Works	0	15	0	0	0
Crematorium - Mercury Abatement	0	30	0	0	0
Crematorium - Extension	0	0	1,445	0	0
Improvements:					
Verge Hardening	100	125	0	0	0
Rothwell Community Centre - Refurbish	0	10	0	0	0
New Desborough Leisure Centre - Fit out	75	0	75	0	0
Small Capital Works	0	100	50	50	50
SCW - Barton Seagrave Footpaths	0	13	0	0	0
Main Offices - Phlebotomy Unit	0	50	0	0	0
Car Park Repairs	0	15	0	0	0
Sub Total	871	498	2,577	76	76

Scheme	2010/11		2011/12	2012/13	2013/14
	Original Estimate	Latest Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
	£000	£000	£000	£000	£000
<u>Community Project Schemes</u>					
Rolling Programme:					
Village Halls	32	32	32	32	32
Borough Wide - Recycling Project	69	69	69	69	69
Conservation Area Enhancement Schemes	10	39	0	0	0
Shopfront Improvements	30	59	0	0	0
Enhancements:					
SCW Parks and Open Spaces	0	3	0	0	0
Ise Valley Sk8 Park	0	3	0	0	0
Green Links - Pedestrian Improvements	0	118	0	0	0
Improvements:					
Suite 16 Projects	5,387	4,206	1,100	0	0
Lawrences Site Desborough	0	10	0	0	0
Open Space Imps - Rushton Rd, Desborough	0	50	0	0	0
Open Space Imps - Gray's Field	0	7	0	0	0
Open Space Imps - Mill Road Park	0	62	0	0	0
Burglary Reduction Initiative	0	13	0	0	0
Sub Total	5,528	4,671	1,201	101	101
<u>IT Replacement programme</u>					
Rolling Programme:					
Infrastructure/Flexible Working	200	238	200	200	200
Repair/Replacement:					
ITS - IT Air Conditioning	0	18	0	0	0
Enhancements					
Government Connect - GCSX	100	168	0	0	0
System Replacements	100	100	0	0	0
Corporate Document Management System	0	18	0	0	0
ITS - Car Park System Enhancements	0	35	0	0	0
Sub Total	400	577	200	200	200
<u>Invest To Save Projects</u>					
Global Budget Provision	50	0	250	250	250
Sub Total	50	0	250	250	250
CAPITAL PROGRAMME TOTAL	10,268	9,309	7,231	3,630	3,630

Kettering

Borough Council

DRAFT BUDGET BOOKLET - 2011/12

Section 3

Housing Revenue Account Estimates 2011/12

HOUSING REVENUE ACCOUNT ESTIMATES 2011/12

Ref		Original 2010/11	Revised 2010/11	Original 2011/12
		£	£	£
	INCOME			
1	Rents - Dwellings Only	12,158,000	12,258,000	13,060,780
2	Service Charges	241,000	254,000	269,240
3	Supporting People Grant	200,000	184,000	100,000
	Total Income	12,599,000	12,696,000	13,430,020
	EXPENDITURE			
4	Repairs and Maintenance	3,308,320	3,342,740	3,295,650
5	General Management	2,027,010	2,039,490	2,082,820
6	Special Services	905,460	870,880	914,590
7	Rents, Rates, Taxes & Other Charges	26,000	20,000	20,000
	Contribution to Bad Debt Provision	64,000	50,000	75,000
8	Depreciation	2,175,100	2,303,300	2,249,200
9	Housing Revenue Account Subsidy	3,628,000	3,716,050	4,494,730
	Total Expenditure	12,133,890	12,342,460	13,131,990
	Net Cost of Services	(465,110)	(353,540)	(298,030)
10	Interest Payable	98,700	28,950	29,540
11	Amortised Premiums & Discounts	114,000	114,100	64,400
	HRA Investment Income	(16,800)	(6,800)	(6,700)
8	Transfer To/From Major Repairs Reserve	268,900	140,700	210,790
	Net Operating Expenditure	(310)	(76,590)	0
	Revenue Contributions To Capital	0	0	0
	Net Change in Balances	(310)	(76,590)	0
	Balance Carried Forward	(300,316)	(381,801)	(381,801)

Variance Explanations

- 1 The Government have indicated that Councils must continue to use the rent restructuring formula for rent setting in 2011/12 without any capping mechanism being in place, as has been the case in previous years. This has meant that KBC tenants face an average increase of 6.98% or £4.36 per week for next financial year meaning the average rent for 2011/12 will be £66.81/week (on a 52 week year).
- 2 Increased service charge income is expected during 2011/12.
- 3 It is anticipated that Supporting People Grant will reduce in 2011/12 as NCC seeks to reduce its costs.
- 4 A slight reduction is being estimated for 2011/12, however this has materialised mainly due to staff efficiencies driven from a review of the Housing repairs staffing structure.
- 5 Recharges from support services have been adjusted to more accurately reflect time spent on MRA activities.
- 6 Additional utility costs for sheltered accommodation (gas supplies and cleaning materials).
- 7 Council Tax due on void properties is estimated to continue to fall as the turnaround times associated with voids continues to improve.
- 8 Changes in depreciation simply reflects movements in valuation levels associated with property within the HRA. This affects the transfers from the Major Repairs Reserve.
- 9 Significant increases in subsidy payments are estimated for 2011/12. In 2005/06 KBC's negative subsidy payment was £2.081m, for 2011/12 it is estimated at £4.495m an increase of 116%. KBC's 2011/12 HRA has experienced a 24% increase from what was originally budgeted for in 2010/11. The Government have confirmed their desire to replace the current subsidy system with a new "self-financing" regime from April 2012. This will do away with negative subsidy payments but the Council in exchange will receive an equitable share of the national local authority housing debt. Details of the settlement will be received over the following months.
- 10 This relates to technical recharges between the General Fund and the HRA. DCLG guidance regarding the level of interest rates to apply reduced significantly for 2010/11 and this is expected to continue in 2011/12.
- 11 This relates to historical debt that was repaid early and the annual payments are determined by a schedule of repayments. The amount needed for 2011/12 is lower than that required for 2010/11.

The Rt Hon Grant Shapps MP,
Minister for Housing and Local Government,
Department for Communities and Local
Government,
Eland House,
Bressenden Place,
London, SW1E 5DU

Direct Line: (01536) 534288
Email: johnconway@kettering.gov.uk
Our Ref:
Your Ref:
Date: February 2nd 2011

Dear Grant,

COUNCIL RENT INCREASE 2011/12

I am writing to you following a recent meeting of the Kettering Borough Tenants Forum when our tenants considered the proposed rent increase for 2011/12.

I was asked by the Forum to convey to you their dismay that, in a time of great financial pressures, they are facing an average rent increase of 6.98%

This means that the Council's tenants will, on average, be paying £4.36 more per week than they did this year.

Although a significant proportion of our tenants are in receipt of Housing Benefit, many are on low wages or working reduced hours. It will be difficult for tenants in this position to find the money from their household income for a rent increase of the size proposed.

Tenants are also concerned that the additional income that the Council will receive will not be invested in their homes or in a better service. This year, we will be required to pay around £4.5 million in negative housing subsidy. This will equate to a third of all the income to the Housing Revenue Account.

I know that you will be introducing a new self-financing system for council housing in 2012, but I do share the concern of our tenants about the impact of this year's rent increase on stretched household budgets.

At a time when the Government is taking decisive action to contain increases in council tax, it seems to me that it would be fair and equitable if similar action could be taken to safeguard council tenants.

I look forward to hearing from you at your earliest opportunity.

Yours sincerely,

Cllr Chris Smith-Haynes
Portfolio Holder for Housing Standards & Chair of the Tenants Forum

cc: Philip Hollobone MP; Colin Medlycott -Vice-Chair of Kettering Borough Tenants Forum; John Conway – Head of Housing

The Rt Hon Grant Shapps MP,
Minister for Housing and Local Government,
Department for Communities and Local
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Dear Minister,

RENT INCREASE FOR COUNCIL TENANTS

As a tenant and vice-chair of Kettering Borough Council's Tenant's Forum I have been asked by tenant representatives to write to you to raise our concerns about the rent increase that all council tenants are facing in 2011/12.

The proposed rent increase for 2011/12 is 6.98%. This means that the Council's tenants will, on average, be paying £4.36 more per week than they did this year.

At a time when many tenants are facing the prospect of unemployment or reduced hours a rent increase of this magnitude is a frightening prospect.

We are particularly concerned that the additional income that the Council will receive will not be invested in our homes or in better services. This year, we understand that Kettering Borough Council will be required to pay the Government £4,494,730 – an increase of £900,000. More than £3 in every £10 rent that we pay will be lost to the Borough.

We understand that next year you are planning to introduce a new system for funding council housing. In the meantime, we urge you to reconsider the rent increase for 2011/12 and take urgent action to reduce the burden for tenants, who are among the most vulnerable people in our community.

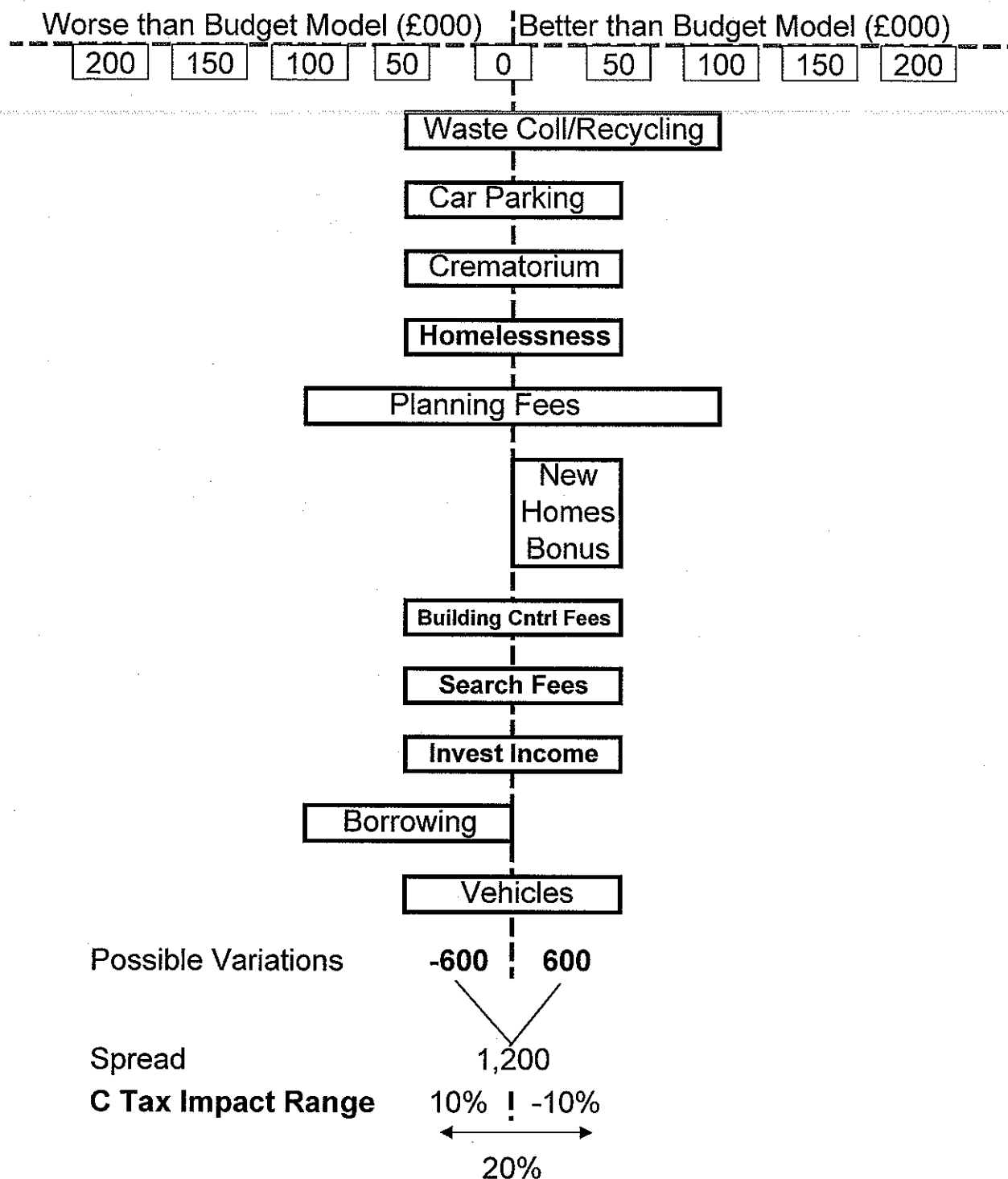
We look forward to hearing from you.

Yours sincerely,

Colin Medlycott
Vice-Chair of Kettering Borough Tenants Forum

cc: Philip Hollobone MP; Cllr Chris Smith-Haynes – Portfolio Holder for Housing Standards & Chair of Tenants Forum; John Conway – Head of Housing

POSSIBLE VARIATIONS TO THE BUDGET MODEL FOR 2011/12

MAJOR BUSINESS RISKS 'SWING-O-METER'

The Council has sufficient resources in balances to cover the additional costs even in the worst case scenario.