Welcome to the Budget Consultation Meeting

26th January 2012
<table>
<thead>
<tr>
<th>What</th>
<th>Why</th>
<th>Who</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welcome and Introductions</td>
<td>To welcome everybody and introduce Members and Officers</td>
<td>Cllr Alison Wiley</td>
</tr>
<tr>
<td>Budget Presentation – to include;</td>
<td>To provide a comprehensive technical briefing on the Council’s draft budget and the key issues.</td>
<td>Officers</td>
</tr>
<tr>
<td>a. Context</td>
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<td>b. Executive Report</td>
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<td>c. Summary</td>
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<tr>
<td>There will be interactive questions</td>
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<td>throughout the presentation</td>
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<tr>
<td>General Question and Answer Session</td>
<td>To provide an opportunity to debate with members on key policy issues</td>
<td>Members - to answer questions about objectives, policy, priorities</td>
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<tr>
<td>about Council priorities, policies and</td>
<td></td>
<td>Officers - to answer questions on any technical issues)</td>
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<td>ambitions for the area, including;</td>
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<tr>
<td>a. Budget Guiding Principles</td>
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<td>b. Modelling for Recovery</td>
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<td>c. Budget Containment Strategies</td>
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<tr>
<td>Thank you for attending</td>
<td>To conclude the meeting</td>
<td>Cllr Alison Wiley</td>
</tr>
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<td>Close of Meeting</td>
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</tbody>
</table>
How to work the keypad

- Turn on the hand set with the button in the bottom left corner
How to work the keypad

♦ Wait till you see the battery symbol appear in the window at the top
How to work the keypad

♦ When asked use the A, B, C or D buttons to select your answer

♦ The answer will briefly appear on the handset screen

♦ You can change your mind!
What is Kettering Borough Council’s Annual Gross budget?

A. £14m
B. £40m
C. £72m
D. £7m
What is Kettering Borough Council’s Annual Gross budget?

A. £14m

B. £40m

C. £72m

D. £7m
Budget Context

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

General Fund Account
£52.0m

Housing Revenue Account
£14.3m

Capital Programme
£5.5m

£71.8m
How much is the average weekly Council Tax for Kettering Borough Council?

A. £ 3.07

B. £15.38

C. £21.34

D. £32.48
How much is the average weekly Council Tax for Kettering Borough Council?

A. £3.07

B. £15.38

C. £21.34

D. £32.48
Council Tax: we keep how much?

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

- £150.27 pa
  - £2.89 pw
  - 14%

- £159.75 pa
  - £3.07 pw
  - 14%

- £799.64 pa
  - £15.38 pw
  - 72%

Each 1% increase = 3p per week for an average household and generates £65,000 for the borough
Compared to other councils in the country is Kettering Borough’s Council Tax?

A. One of the most expensive

B. Above the average

C. Below the average

D. One of the cheapest
Compared to other councils in the country is Kettering Borough’s Council Tax?

A. One of the most expensive

B. Above the average

C. Below the average

D. One of the cheapest
PORTFOLIOHOLDER: Cllr A Wiley

1 PURPOSE OF REPORT

The purpose of this report is to:

a) outline the draft budget figures for the Council’s three main accounts for 2012/13 (to start the formal budget consultation process);

b) consider the main issues that are likely to impact on the Council’s budgets in the medium term;

c) provide an illustration of the Council’s medium term financial projections.

2 CONTENTS

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

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

- Context / Background
- Building Principles
- Policy Position
- 2011/12 Budgets - latest estimates
- 2012/13 Draft Budgets

Page 3
Page 4
Page 7
Page 8
Page 12

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

- National Economic Indicators
- Local Government Grant Settlement
- Resources Review - Business Plan
- Localization of Council Tax Benefit

Page 22
Page 23
Page 24
Page 26
Golden Rules

♦ Financial Strategy Guiding Principles
  (para 3.6, page 4)

♦ Modelling for Recovery Principles
  (para 3.8, page 5)

♦ Budget Containment Strategy
  (para 3.9, page 6)
Budget Context

♦ ‘Being Prepared’
  ♦ Strategic Financial Capacity
  ♦ Anticipating and Influencing
  ♦ Well motivated and flexible workforce

♦ ‘Staying Focused’
  ♦ Sticking to budget guiding principles
  ♦ Budget approach that suited KBC
  ♦ Finding innovative methods of service delivery
Budget Delivery Framework

- Partnership Working
- Capital Review
- Lobbying
- Staff Suggestions
- Budget Delivery Framework
- Service Plans
- Fees and Charges Review
- Prioritisation
- Innovation Group

Kettering Borough Council
Current Year (2011/12)

♦ General Fund
   (para 5.2 to 5.15)

♦ Capital Programme
   (para 5.16 to 5.19)

♦ Housing Revenue Account
   (para 5.20 to 5.21)
What savings did the Council need to achieve for 2011/12?

A. £ 258,000
B. £ 777,000
C. £1,261,000
D. £1,906,000
What savings did the Council need to achieve for 2011/12?

A. £ 258,000

B. £ 777,000

C. £1,261,000

D. £1,906,000
<table>
<thead>
<tr>
<th>Table 3 - Analysis of Framework Savings 2011/12</th>
<th>Staff Suggestion / Service Plan / Innovation</th>
<th>Fees &amp; Charges</th>
<th>Partnerships</th>
<th>Capital Review</th>
<th>Lobbying</th>
<th>Prioritisation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Staffing &amp; Staff Related</td>
<td>(599)</td>
<td>(51)</td>
<td>(8)</td>
<td>(658)</td>
<td></td>
<td></td>
<td>(658)</td>
</tr>
<tr>
<td>Premises</td>
<td>(22)</td>
<td>(18)</td>
<td>(9)</td>
<td>(49)</td>
<td></td>
<td></td>
<td>(49)</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>(244)</td>
<td>(95)</td>
<td>(12)</td>
<td>(72)</td>
<td>(423)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditure Savings</td>
<td>(865)</td>
<td>0</td>
<td>(164)</td>
<td>(29)</td>
<td>(72)</td>
<td>0</td>
<td>(1,130)</td>
</tr>
<tr>
<td>Income</td>
<td>(74)</td>
<td>(185)</td>
<td>(100)</td>
<td>(417)</td>
<td>(776)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Savings</td>
<td>(939)</td>
<td>(185)</td>
<td>(164)</td>
<td>(129)</td>
<td>(489)</td>
<td>0</td>
<td>(1,906)</td>
</tr>
</tbody>
</table>
Budget Monitoring 2011/12

♦ Original savings target of £1.906m successfully being delivered

♦ In addition, a further £750,000 of in-year cash savings (early delivery of next years savings and a number of one-off cash items)

♦ Cash savings in excess of original £1.906m target to be transferred to smoothing reserves
Service Pressures

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

♦ Town Centre Regeneration
♦ Crematorium
♦ A Capital Programme in excess of £5.5m
Draft Budget (2012/13)

♦ General Fund
  (para 6.3 to 6.16)

♦ Capital Programme
  (para 6.17 to 6.26)

♦ Housing Revenue Account
  (para 6.27 to 6.37)
What savings does the Council need to achieve for 2012/13?

A. £500,000
B. £900,000
C. £1,300,000
D. £1,900,000
What savings does the Council need to achieve for 2012/13?

A. £500,000
B. £900,000
C. £1,300,000
D. £1,900,000
How much has our ‘core government grant’ reduced by for 2012/13?

A. £158,000
B. £415,000
C. £680,000
D. £1,261,000
How much has our ‘core government grant’ reduced by for 2012/13?

A. £158,000
B. £415,000
C. £680,000
D. £1,261,000
## Estimated Position to 31/03/2013

**Table 7 - Estimated Position to 31/03/2013**

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Forecast</strong></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>1 Net Council Budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Forecast Resources:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Government Grant</td>
<td>(5,464)</td>
<td>(4,784)</td>
</tr>
<tr>
<td>Council Tax / Coll'n Fund</td>
<td>(25)</td>
<td>(25)</td>
</tr>
<tr>
<td>Income From Council Tax</td>
<td>(6,389)</td>
<td>(6,411)</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td>(11,878)</td>
<td>(11,220)</td>
</tr>
<tr>
<td>3 Budget (Surplus) / Deficit</td>
<td>2,050</td>
<td>1,488</td>
</tr>
<tr>
<td>4 Council Tax Grant</td>
<td>(158)</td>
<td>(158)</td>
</tr>
<tr>
<td>5 Budget Frameworks</td>
<td>(1,906)</td>
<td>(1,330)</td>
</tr>
<tr>
<td>6 Savings - To be secured</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7 Budget (Surplus) / Deficit</td>
<td>(14)</td>
<td>0</td>
</tr>
</tbody>
</table>

### GENERAL FUND WORKING BALANCE

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Estimated Opening Balance</td>
<td>(1,415)</td>
<td>(1,429)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Estimated Closing Balance</td>
<td>(1,429)</td>
<td>(1,429)</td>
</tr>
</tbody>
</table>
## Identified Framework Savings 2012/13

<table>
<thead>
<tr>
<th>Category</th>
<th>£000</th>
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<tbody>
<tr>
<td>Staff Suggestions / Service Plan / Innovation</td>
<td>(515)</td>
</tr>
<tr>
<td>Lobbying</td>
<td>(290)</td>
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<tr>
<td>Capital Review</td>
<td>(247)</td>
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<tr>
<td>Fees and Charges</td>
<td>(234)</td>
</tr>
<tr>
<td>Partnerships</td>
<td>(44)</td>
</tr>
<tr>
<td><strong>Total Identified Framework Savings</strong></td>
<td>(1,330)</td>
</tr>
</tbody>
</table>
What level of efficiency savings have KBC had to achieve since 2010/11 including the year under consideration (2012/13)?

A. £777,000

B. £1,906,000

C. £3,170,000

D. £4,500,000
What level of efficiency savings have KBC had to achieve since 2010/11 including the year under consideration (2012/13)?

A. £777,000

B. £1,906,000

C. £3,170,000

D. £4,500,000
### Efficiency Savings

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings (£000)</th>
<th>Cash Savings (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>1,260</td>
<td></td>
</tr>
<tr>
<td>2011/12</td>
<td>1,910</td>
<td></td>
</tr>
<tr>
<td>2012/13</td>
<td>1,330</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,500</strong></td>
<td><strong>40%</strong></td>
</tr>
</tbody>
</table>
Looking Ahead

‘The Medium Term’
Financial Tectonic Plates

- Business Rates Reform
- Council Tax Benefit
- National Economy
- Welfare Reform
- Customer Demand
- Universal Credit
- HRA Finance
- New Homes Bonus

Kettering Borough Council
Business Rates – Who sets national business rates?

A. KBC

B. Inland Revenue

C. Central Government

D. CBI
Business Rates – Who sets national business rates?

A. KBC

B. Inland Revenue

C. Central Government

D. CBI
Business Rates – Under the Government’s new proposals, who will set business rates in the future?

A. KBC

B. Inland Revenue

C. Central Government

D. CBI
Business Rates – Under the Government’s new proposals, who will set business rates in the future?

A. KBC
B. Inland Revenue
C. Central Government
D. CBI
Council Tax Benefits – who currently sets and funds the scheme?

A. KBC
B. Inland Revenue
C. Central Government
D. NCC
Council Tax Benefits – who currently sets and funds the scheme?

A. KBC

B. Inland Revenue

C. Central Government

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

A. KBC
B. Inland Revenue
C. Central Government
D. NCC
Council Tax Benefits – who will be responsible for the scheme in the future?

A. KBC
B. Inland Revenue
C. Central Government
D. NCC
Council Tax Benefits – how much will national funding be reduced from April 2013?

A. Nothing, it will be increased

B. It will be left the same

C. 2.5%

D. 10%
Council Tax Benefits – how much will national funding be reduced from April 2013?

A. Nothing, it will be increased

B. It will be left the same

C. 2.5%

D. 10%
Financial Tectonic Plates

- Business Rates Reform
- Council Tax Benefit
- National Economy
- Welfare Reform
- Customer Demand
- Universal Credit
- HRA Finance
- New Homes Bonus

Kettering Borough Council
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<tbody>
<tr>
<td><strong>Net Council Budget</strong></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Forecast £000</td>
<td>13,928</td>
<td>12,708</td>
<td>11,900</td>
<td>11,593</td>
<td>11,496</td>
<td>11,117</td>
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<td><strong>Forecast Resources:</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Government Grant</td>
<td>(5,464)</td>
<td>(4,784)</td>
<td>(4,497)</td>
<td>(4,227)</td>
<td>(3,973)</td>
<td>(3,973)</td>
</tr>
<tr>
<td>Income From Council Tax</td>
<td>(6,389)</td>
<td>(6,411)</td>
<td>(6,443)</td>
<td>(6,476)</td>
<td>(6,509)</td>
<td>(6,542)</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td>(11,878)</td>
<td>(11,220)</td>
<td>(10,965)</td>
<td>(10,728)</td>
<td>(10,507)</td>
<td>(10,540)</td>
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<tr>
<td><strong>Budget (Surplus) / Deficit</strong></td>
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<tr>
<td>2011/12</td>
<td>2,050</td>
<td>1,488</td>
<td>935</td>
<td>865</td>
<td>989</td>
<td>577</td>
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<tr>
<td><strong>Estimated Opening Balance</strong></td>
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<tr>
<td>2011/12</td>
<td>(1,415)</td>
<td>(1,429)</td>
<td>(1,429)</td>
<td>(1,429)</td>
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<td>(1,429)</td>
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<tr>
<td><strong>Budget (Surplus) / Deficit</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2011/12</td>
<td>(14)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td><strong>Estimated Closing Balance</strong></td>
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<tr>
<td>2011/12</td>
<td>(1,429)</td>
<td>(1,429)</td>
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**General Fund Working Balance**

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<tr>
<td><strong>Estimated Opening Balance</strong></td>
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<td></td>
</tr>
<tr>
<td>2011/12</td>
<td>(1,415)</td>
<td>(1,429)</td>
<td>(1,429)</td>
<td>(1,429)</td>
<td>(1,429)</td>
<td>(1,429)</td>
</tr>
<tr>
<td><strong>Budget (Surplus) / Deficit</strong></td>
<td></td>
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<td></td>
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<tr>
<td>2011/12</td>
<td>(14)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td><strong>Estimated Closing Balance</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011/12</td>
<td>(1,429)</td>
<td>(1,429)</td>
<td>(1,429)</td>
<td>(1,429)</td>
<td>(1,429)</td>
<td>(1,429)</td>
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</table>
Summary & Conclusions

2011/12

♦ The Council adopted a unique ‘budget delivery framework’ for the consideration and subsequent delivery of the £1.9m of savings required for the General Fund for 2011/12.

♦ Once the budget was approved in February 2011, the challenge was to turn the ‘paper based savings exercise’ into reality so that the £1.9m of savings were actually delivered.

♦ From the information contained in the budget report (and previously reported to the Executive Committee through a series of Durable Budget Reports) it can be seen that the original savings target of £1.9m is being delivered successfully.

♦ In addition to the original £1.9m target, the Council is currently projecting a further £750,000 of underspend during 2011/12. As previously approved by the Executive, this underspend will be put into reserves to help the council protect itself from the many service and budget pressures that are likely to manifest in the post April 2013 world.
Summary & Conclusions

2012/13

♦ The Council needs to continue its excellent track record of delivering budget savings to balance the budget for 2012/13.

♦ Prior to the consideration of any council tax increase, it is estimated that £1.3m of savings will be required. We will start 2012/13 in a better place than twelve months ago because the continued use of the Council’s budget delivery framework has resulted in the Council already having secured some of the on-going savings required for 2012/13. The remaining savings have also been identified and the Council is confident that these will be delivered during 2012/13.
The current system of housing finance will be replaced with a new self financing system from April 2012. In effect, this will mean that, rather than the Council making a payment to the national housing pool each year (which was £4.5m in 2011/12), the council will have to take on a proportion of the national housing debt. For this Council that amounts to £73.3m which is equivalent to £21,000 per property.

Although the Capital programme has been reduced, a programme in excess of £5.5m is not inconsiderable for a District Council of Kettering’s size.
Summary & Conclusions

2013/14 and Beyond

♦ The national landscape is going to change significantly from 1 April 2013 with the introduction of the Business Rates Reform and Localisation of Council Tax Benefit. This brings considerable uncertainty and risk to future projections.

♦ Assumptions have been made for future levels of government grant (and other funding changes) with annual decreases of 6% applied. This will need to be reviewed when more information becomes available.
Summary & Conclusions

2013/14 and Beyond (continued)

♦ The current economic times are unprecedented. Therefore the delivery of the budget is dependent upon successfully tracking the other budget assumptions that have been made (eg, inflation and interest rates) and it must be recognised that any major changes in such variables can have a significant impact on the Council’s budget figures and resultant levels of required savings.

♦ Based upon the assumptions applied, the future years’ budgets would require further savings of:

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>777,000</td>
</tr>
<tr>
<td>2014/15</td>
<td>707,000</td>
</tr>
<tr>
<td>2015/16</td>
<td>989,000</td>
</tr>
<tr>
<td>2016/17</td>
<td>577,000</td>
</tr>
</tbody>
</table>
Summary & Conclusions

Other Considerations

♦ The projections in all years rest on the Executive adherence to the “Guiding Principles” (para 3.6); the “Modelling for Recovery Principles” (para 3.8) and the Budget Containment Strategies (para 3.9):

♦ Depending on the decisions taken in relation to Council Tax, year on year savings of these magnitudes have and will continue to take capacity out of the organisation. The priority has been front line delivery and accordingly members may notice a reduction in some areas of internal delivery, as well as our capacity to influence longer term strategic issues.
Summary & Conclusions

Other Considerations (continued)

♦ Many of the changes to be implemented are untested and it is inevitable some transition turbulence may be experienced even with the focus on protecting front line service delivery.

♦ All the council’s partners, elected councillors and staff should feel proud of reaching this point. However we must maintain this extraordinary effort if we are to continue to achieve our ambitious objectives.
Questions relating to the report and presentation
Thank you for attending the Budget Consultation Meeting