

# Let's talk

It's time to talk about money...



Planning the council's 2020/21 budget



[www.luton.gov.uk/20-21budget](http://www.luton.gov.uk/20-21budget)

**Luton**

**Discussions about money can be difficult, but they need to be had.**

**Luton's public finances affect each one of us and for that reason we are having an open conversation with residents about the coming financial year.**

**Each year the council has to plan its finances and make important decisions on behalf of the people of Luton.**

**This is in progress for the 2020/21 financial year which runs from April 2020 to March 2021.**

**We have to come up with a proposed budget that balances money coming in and out, while continuing to provide the wide variety of services residents need throughout the year.**

**We have to do this while still ensuring we deliver on our new vision and commitment to tackle poverty in the town.**

**This is not a simple task.**

## Context

All councils have faced significant financial pressure in the last few years and Luton has been hit harder than most.

Despite having to make savings of £130m over the last eight years, we still face uncertainties in future funding from central government. Not only that, but we continue to face ongoing budget pressure due to increase in demand and inflationary increase in costs.

This includes higher demand and costs for adult and children social care, and costs of residential placements due to children with complex needs. There is also a higher number of families who need temporary accommodation.

The situation would be even worse if it was not for our ownership of London Luton Airport. The council gets a dividend each year from its airport company to fund vital services. As the airport grows, the dividend increases, with the money used to fund front-line council services such as care for vulnerable children and adults (£20.2m in 2019/20).

For 2020/21 the government has provided additional grants to fund children's and adult social care. However, there is no certainty that this will continue in the future.

At the same time as reducing budgets in some areas, we also have to make decisions regarding the allocation of additional money.

This includes investment in welfare support for crisis and hardship funds to support residents who need financial help. We are also continuing to provide school meals. Additional investment is also needed to ensure we can deliver on our new unifying vision to ensure no-one in the town will be living in poverty by 2040.

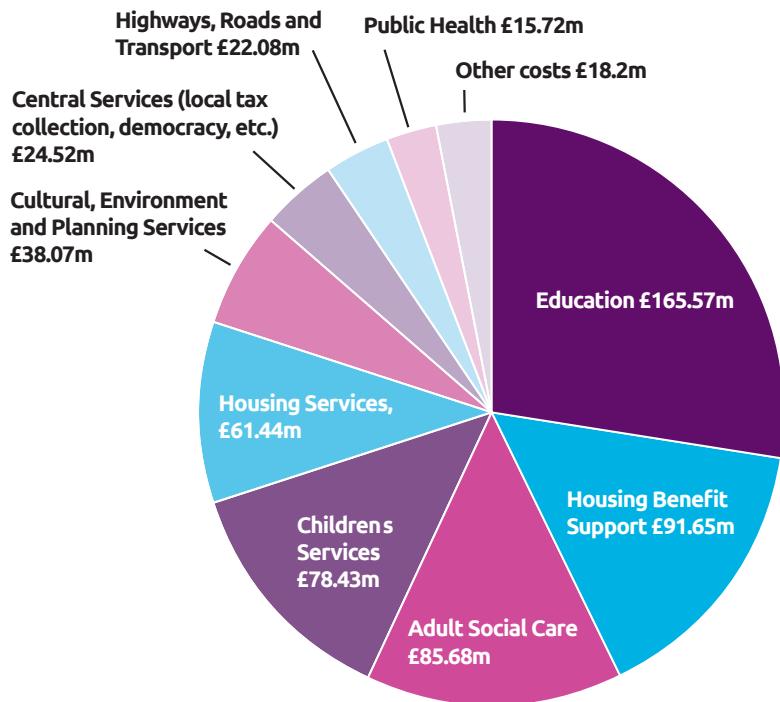
***We have identified £10.5m of savings for the financial year 2020/21. Of this amount, £7.5m was agreed in last year's budget but will be delivered this coming financial year. A number of new proposals will make up the remaining £3m we need to find (more details on page 5).***

***After this we expect to need to save an additional £20m from 2021/22 onwards. These additional savings are yet to be identified and we will be consulting with residents this spring on how we can best achieve this (see back page).***

## Proposed council spending 2020/21

Combining all of the money the council receives from the government, council tax, business rates, airport dividend and services it charges for, the total amount we have to spend for 2020/21 is about £601m.

Our proposed 2020/21 budget will be split up as follows:



As mentioned above, the cost of providing services to the community is met from several income sources. The breakdown of this funding is as follows:

- 37 per cent comes from government grants - over half of which are specifically for education
- 21 per cent from fees for chargeable services and contributions from third parties
- 15 per cent from Housing Benefit Grant
- 13 per cent from council tax
- 8 per cent from business rates
- 6 per cent from London Luton Airport Ltd





## Savings for 2020-21

As mentioned, we have identified £10.5m of savings which need to be delivered in 2020/21. This includes £7.5m of savings which were agreed in last year's budget and a further £3m of new savings.

Some of these savings include making our committee meetings 'paper light', generating more revenue from selling our services to other councils and businesses, reviewing major contracts, optimising the use of adult day centres (including the relocation of St Monica's Day Centre), increasing enforcement revenue, reviewing our staff parking policy, collecting more debt owed to us and increasing our parking income.

**Please visit [www.luton.gov.uk/budget20-21](http://www.luton.gov.uk/budget20-21) to see a full list of the savings proposed for 2020-21, and those already agreed in last year's budget.**

The good news is that a lot of the savings have been identified through analysing and improving the way we work behind the scenes, therefore limiting the impact of cut backs.

This includes adopting more efficient practices, making better use of technology, helping those who have needed support to care for themselves, generating additional income, rationalisation and more efficient use of our assets, and buying products and services more economically.

However as the list of proposed 2020/21 savings shows, there are some that may have an impact on residents. We plan to consult more extensively on some of these things before any changes are made, but by talking to you now we will get a better sense of what you consider to be important.

## Council tax

While we plan to make significant savings as a way of meeting the growth in our budget needs, we anticipate that council tax will need to increase by 3.99 per cent in 2020 which includes an additional 2 per cent to raise money for adult social care services. Raising council tax, while never popular, is an essential element of facing the challenge of increasing demand for services, inflation and central government cuts to our funding. This is something all councils are facing.

The proposed budget for 2020/21 should still ensure that Luton maintains the lowest per household council tax rate in Bedfordshire and one of the lowest per head of population among unitary councils in the country.

Councillors will make a decision on the proposed council tax increase at the full council meeting in February.

## Give us your views

This leaflet has been prepared along with some 'open conversation' events in the Mall on 7 and 8 January. Councillors and officers are on hand to respond to questions and chat about your ideas, concerns and comments. We would also like to hear what your priorities are for the future.

Feel free to complete our quick questionnaire by Friday 24 January which will give us an insight into some of your views.

If you don't manage to speak to us at The Mall you can complete the questionnaire online - visit [www.luton.gov.uk/20-21budget](http://www.luton.gov.uk/20-21budget). Alternatively you can email your views to [consult@luton.gov.uk](mailto:consult@luton.gov.uk) or contact your local councillor (visit [www.luton.gov.uk](http://www.luton.gov.uk) for their details).

Your comments are important as we continue to shape the way we use your money to benefit the people of our town. As we move forward we will be consulting more extensively on any proposed changes in budget that are likely to affect the public before making decisions.



## Future budgets

We are now rapidly approaching the point where we have to consider making cuts to those areas of work that are very visible to you, the public.

With a need to find a further £20m of savings from 2021/22 onwards, we plan to hold a series of town-wide consultation workshops later in the year in order to help us make the best possible use of our finances for the benefit of the town. If you are interested in being part of these please email [consult@luton.gov.uk](mailto:consult@luton.gov.uk)

