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2000/2001 BUDGET PROPOSALS AND EFFECT ON OTHER YEARS

Accountable Officers: Chief Officer Board

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1. Purpose

- 1.1 To report on the proposed 2000/01 budget and predicted resources and the implications for the current year and the two subsequent financial years 2001/02 and 2002/03.

2. Summary

- 2.1 The report updates the three year budget forecast from that reported at the September meeting of the committee. Projections for 2002/03 have now been added to the analysis. The report models a number of policy changes and service level amendments designed to match policy priorities to the available resources in each of the four financial years. The key points arising from the report are as follows:

- (a) Council Tax increases, for the Council's own purposes, be limited to 5% over the period, in line with the Government's assumptions.
- (b) Education spend be increased to the Government's assessed level over the next three to four years.
- (c) Balances to be restored to, and then retained at, £3 million over the period.
- (d) Efficiency savings of £3.6 million have been taken into account in framing the budget for 2000/01 increasing to £4.4 million in later years.
- (e) There are increased uncertainties stemming from early budget setting which might have a significant effect on resources or expenditure commitments; but
- (f) Setting the budget early enables efficiencies and savings to be maximised thereby enhancing the service planning process.

3. Recommendations

- 3.1 The Committee is recommended:

- (a) to require Service Committees to formulate Service Plans that can be achieved within the indicative budgets and in accordance with the proposals set out at **Annexes A to E**;

- (b) to agree the proposals to match policy objectives and service levels to the available resources for 1999/2000 and 2000/01 and to note the implications on later years as set out in detail at **Annexes B to E**;
- (c) to note that the budget proposals plan to increase Education spend to SSA levels over the next three to four financial years;
- (d) to instruct officers to commence implementation of the proposals, including consultation with staff and trade unions, and to note that the proposals will be implemented under the scheme of delegation where appropriate or, where there are planned changes to policy or service levels, these will be reported to the appropriate Committee at the earliest opportunity;
- (e) to approve a programme of property disposals within the context of the Council wide Asset Management Strategy and to seek authority to dispose of individual sites from the Property Sub-Committee;
- (f) that the Employers side of the level 3 Joint Negotiating Committee be empowered to initiate and undertake negotiations with the affected recognised Trade Unions in respect of the proposals relating to incremental progression and child care; and
- (g) to instruct officers to report back on the implications of the Government's financial settlement and other significant variances to current proposals in due course but that, otherwise.

3.2 The Council on March 1 2000 be recommended to increase Council Tax for its own purposes by 5% from April 1 2000.

4. **Background**

4.1 This is a regular report to the Committee to update the three year forecast of the continuation budget against likely resources.

4.2 The report updates the three year budget forecast from that reported at the September meeting of the committee. Projections for 2002/03 have now been added to the analysis. The report models a number of policy changes and service level amendments designed to match policy priorities to the available resources in each of the four financial years.

5. **Issues and Choices**

5.1 The updated three year forecast is set out at **Annex A**. The changes to the forecast are set out in detail by service areas at **Annexes B to E**.

5.2 By adopting the recommendations the Committee would be establishing the budget earlier than it has done in the past. This is being done to enable savings to be maximised and to set the framework for the service planning process.

5.3 There are a number of uncertainties associated with the projections which stem from the period of time over which the budget is being modelled and around the Revenue Support Grant forecast which is heavily dependent on national statistics not all of which are available at this time. Certain assumptions, therefore, have had to be made in order to allow the Committee to consider forward projections. External soundings have, however, suggested the resources estimates are within an acceptable range of error. It is expected that indicative figures will be released by DETR in late November. In addition, there are still uncertainties associated with the final Theatre construction costs which cannot yet be quantified. Updates will be reported to the Committee in due course.

5.4 In line with proposals already agreed by the Committee the Council is moving to a service planning process which will cover more than just one year. From these plans it may be necessary to revisit the budget proposals contained in this report. It will be necessary, therefore, to keep the Committee apprised of developments on an ongoing basis.

5.5 The Council is faced with having to review spending priorities as a result of a number of factors. The detail of these have been reported previously but include the need to fund the effects of unavoidable and demographic growth necessary to maintain existing service levels, the reinstatement and repayment of deferred items from the 1999/2000 budget and the effect of inflation, incremental progression and the effects of the single status agreement. In part these are offset by productivity gains and other savings as set out in the **Annexes B to E**.

5.6 A survey and series of discussion meetings were held in order to consult the local community on proposals for the 2000/01 budget. The survey revealed:

- (a) a small majority in support of a council Tax rise of 5% or more (51%);
- (b) the following service priorities:

- (i) Education;
- (ii) Public Transport;
- (iii) Caring for the Elderly; and
- (iv) Street Cleansing.

5.7 In line with these results it is proposed to increase Education spend to the assessed level, as set out in the Government's Standard Spending Assessment (SSA) for the Council, on a phased basis over the next three to four years. The particular emphasis for this will be on re-directing as much money as possible into delegated schools budgets. The proposals add significant amounts to schools budgets over and above the effects of inflation and increasing pupil numbers - an additional £1.4 million in 2000/01 and a further £1.2 million and £1.7 million in the two subsequent years. However, delegated schools budgets only represent around three-quarters of the total spend on Education. The final effect on total Education spend to be measured against the SSA will depend on a number of factors, namely; the impact of the proposals on non-schools budgets; the effect of further delegation to schools from April 2000; any changes to the allocation of central support charges; and the actual Education SSA for 2000/01 and subsequent years, as compared to the estimates implicit in this report.

5.8 It is also proposed to improve the Council's public transport infrastructure utilising funding from car parking receipts. These will include new initiatives to make bus travel more attractive. The first "Quality Bus Route" (Service 5 between Bletchley, Central Milton Keynes and Wolverton) starts on 25 October 1999 with bus priority being introduced along the line of route in February/March 2000. The next Quality Route is programmed for implementation in September 2000. Two temporary Park and Ride services start in late October 1999 and the first permanent Park and Ride is programmed for Summer 2000. Other initiatives for 2000 include improving pedestrian and cycling facilities in Central Milton Keynes and the appointment of a Sustainable Travel Co-ordinator in the early part of the year to implement a car sharing initiative for workers in Central Milton Keynes.

5.9 A key policy assumption which underlies these proposals is that the Council on March 1 2000 will increase Council Tax, for its own purposes by 5% for 2000/01. This Committee cannot fetter that decision but this is consistent with information provided in the lead in to this years budget referendum. While an increase of 5% is ahead of the general rate of inflation in the economy this is line with the Government's assumptions on national Council Tax increases which see a progressive withdrawal of Revenue Support Grant relative to SSA.

5.10 The other preceptors, the Thames Valley Police Authority and the Parish Councils, will make their own tax demands in due course. The effects of these are not included in these projections at this stage and, therefore, are not be included within the 5% tax level recommended in this report. These precepts will be reported to the Council at its meeting on 1 March, 2000.

5.11 It is also planned that the increase in levies due from the Fire Authority, Neighbourhood Councils, the Environment Agency, Drainage Boards, Magistrates Courts and the Probation Service will be passed on to tax payers in line with the levy due. For planning

purposes this has been assumed to be at 5% and the effect has been factored into the budget presented at **Annex A**.

5.12 A policy objective underlying these proposals, as agreed at previous meetings, has been to restore balances to £3 million by 31 March 2001. This objective would be achieved by the proposals presented in the **Annexes** eliminating the need to use balances to support revenue expenditure over the remainder of the period. Projecting the proposals forward to 2001/02 and 2002/03, the report shows that resources will broadly match expenditure aspirations over the two years. A relatively, small budget deficit is projected in 2001/02 correcting itself in 2002/03.

5.13 The Council is developing an asset management strategy, part of which is a review of why and how the Council holds land and property, and what is surplus to its requirements. Within the three year budget strategy, disposals of surplus sites will play a role in reducing the debt burden of the authority and to support capital expenditure plans. As part of this approach, a target of a reduction in revenue costs of £300,000, funded from the sale of property, has been set for the next financial year. Work has begun on identifying sites which may be surplus to requirements and could be sold to deliver these savings. Authority to dispose of individual sites within this programme will be sought from the Property Sub-Committee over the next few months.

6. **Implications**

6.1 Environmental

The report makes proposals some of which will have Environmental implications. As far as possible these are set out in **Annexes B to E**.

6.2 Equalities

Equalities issues have been taken into account in framing the budget proposals **Annexed** to this report.

6.3 Financial

The report updates the three year financial forecast of expenditure and resources and the effect on the reserves position.

6.4 Legal

None.

6.5 Staff and Accommodation

There are a limited number of posts directly affected by the proposals contained in this report. It is envisaged that these will be covered by the Employment Stability Policy and that redeployment opportunities stemming from natural turnover will mean that no compulsory redundancies will result.

The proposal to reduce the Child Care budget should, largely, be offset by the effect of the Working Families Tax Credit. It is proposed to retain a residual budget of £10,000 to effect this change.

The proposal on incremental progression will not affect existing staff.

7. **Conclusions**

- 7.1 The report proposes a budget funded by a 5% tax increase for the 2000/01 financial year and the implications on the two subsequent financial years. There are a number of uncertainties surrounding the projections stemming from the timing of the budget discussion but these are offset by the requirement to maximise savings and the desire to set the framework for the service planning process which is now planned to cover a three year period.
- 7.2 The proposals include plans to increase Education spend, primarily through additional resources to Schools, which will have the effect of closing the gap between Education budgets and SSA over the next three to four years.
- 7.3 The proposals, which include a series of efficiency measures, will enable the Council to stabilise its budget and reinstate reserves to £3 million by the end of next financial year and for this level to be maintained over the period under review.

Background Papers: None