

The key issues that will shape the Council's finances over the coming years are set out below. They are a mix of locally generated challenges, aimed at improving services and the financial standing of the Council, to responding to national initiatives, for example, generating efficiencies (Gershon).

Issue	National issues/ implications	Effect on Milton Keynes Council
1. Review of Local Government Funding	Lyons report, Spring 2007?	Responding actively to consultations.
2. HBS	Board and shareholders interest in MKC contract delivering HBS targets	Pressure to reduce costs in MKC; Improving the contract; additional costs
3. Continuous improvement	Part of Best Value and CPA framework	Service planning to produce improvements – issue of better measurement. CPA
4. Medium Term Planning	National push for better planning.	Continued development, especially integration of policies, performance and cost Policy development
5. Growth	Plans for MKC for next 10 years. Require national resolution.	Cost exceeds resources – local tie into national effort.
6. Decent Homes Standard		Tenants voted to for housing stock to remain with the Council as part of the stock options ballot. Capital allocations for 2006/08 have been significantly reduced putting pressure on Council's ability to meet the decent homes standard.

7. CPA 2006 and use of resources	Change in judgements - see Key Lines of Enquiry	Use of Resources score now 3 under a tougher improved from 2 under previous regime
8. Gershon	Needs to be embedded further as more demanding targets will need to be met from 2008/09.	.
9. Waste and landfill trading scheme	Fines settled at £150 per ton. Market prices for LATS still very difficult to predict .	Financing of selected option for new disposal facilities will impact significantly on revenue and capital plans in the medium term and beyond. There will be a significant affordability gap to be closed from 2010/11.
10. Formula	2-year settlement 2006/07 and 2007/08. Three-year settlements likely from 2008/09 following Comprehensive Spending review 2007..	Revised formula does not advantage MK. .
11. Transitional Income Support	Formula Grant calculations still do not recognise burdens on growth authorities	Conditions will be attached to receipt of grant in 2007/08 and receipt of grant in 2008/09 remains uncertain.
12. Land Disposals		Potential future capital receipts from sale / development of Council's farms resulting in income stream for Council.
13. Re-alignment of budgets to match Council's projected funding		Through medium term planning process Council must re-align its expenditure to meet is funding, particularly with the uncertainty of a replacement for transitional income support grant and future year efficiency savings.