

COUNCIL WIDE REVENUE BUDGET

REFERENCES FROM COMMITTEES

**(a) LEARNING AND DEVELOPMENT POLICY DEVELOPMENT
COMMITTEE – 13 JANUARY 2005**

**LD31 LEARNING AND DEVELOPMENT DIRECTORATE -
REVENUE BUDGET 2005 ONWARDS**

The Committee considered the Cabinet's proposals for that part of the Revenue Budget 2005/06 onwards applicable to the Committee and the comments of the Cabinet Members.

RESOLVED -

That Cabinet be informed of the Committee's concerns on the following issues:

- (a) the external placement budget for Children's Services appeared to be under-funded in the sum of £500,000; and**
- (b) the need to provide appropriate resourcing of the education psychology service in view of the evidence, previously heard by the Committee, under 'Every Child Matters'.**

**(b) SOCIAL CARE AND HOUSING POLICY DEVELOPMENT
COMMITTEE – 19 JANUARY 2005**

SC26 HOUSING REVENUE BUDGET 2005-06 ONWARDS

The Committee considered a report by the Corporate Director Neighbourhood Services on the proposed draft Revenue Budget for the 2005-06 financial year and any implications for future years within the framework of the Council's existing corporate priorities.

The total budget allocation for the Neighbourhood Services Directorate for 2005-06 amounted to £38.975 million, accounting for inflation, efficiencies and the costs of growth.

Members heard that the Revenue Budget for 2005-06 was robust enough to accommodate the predicted needs and trends of demographic growth, although the planning of service provision was frequently frustrated by mitigating factors including variations in mortality rates; financial pressures on health budgets; the expense of care for young

people with disabilities, and the number of homelessness applications received by the Council.

A contingency fund was to be accumulated during 2005-06 to offset the potential expense of an employment tribunal and a 5% reduction in the Supporting People Grant, managed through the negotiation of contracts with service providers.

The Social Care and Health Act (1990) stipulated that health services must cater for the specific needs of individuals, rather than the generic needs of particular communities or geographical districts.

Under the Medium Term Plan, the Council had embraced a three year planning horizon and Services for Older People had been designated a priority. A gradual shift had been effected from funding long-term residential care to the provision of intensive home support.

Officers stated that there was no direct relationship between population growth and the needs of service provision in the City, as the slow growth of the aged population was counterbalance by the rapid influx of younger residents at a rate of 2.5% per annum.

Of those users in receipt of Care Services only 40% accessed services directly, whilst health professionals referred the remainder.

The Committee stressed the necessity for health services to engage with the underprivileged and guarantee equal access to services.

RESOLVED – That the report be noted.

**(d) ENVIRONMENT POLICY DEVELOPMENT COMMITTEE – 20
JANUARY 2005**

EPDC31 REVENUE BUDGET 2005/06 ONWARDS

The Committee considered the Cabinet's proposals for that part of the Revenue Budget 2005/06 onwards applicable to the Committee.

The Committee received a presentation from the Corporate Director Environment, introducing the budget.

The Cabinet Member for Environment Services and the Cabinet Member for Transport then presented the part of the budget relevant to their portfolios.

The Chair invited questions from the Committee to the Cabinet Members and to the Corporate Director Environment.

Members of the Committee made the following comments, observations and questions:

- Cash limits and the financial settlement has left Milton Keynes Council in a healthier state.
- How robust and achievable are Income Targets?
- How would the partnership with Bedfordshire Council work regarding pooled resources for public transport:?
- What was the definition of summer months?
- Have costings been looked at for land searches?
- There was no proposal to cut weed killing, additional spraying may be required because of climate changes.
- The Environment Directorate is operating excellent budget and financial management, and there was confidence in the Directorate's ability to forecast income.
- The Environment Directorate had managed its resources effectively.
- Was expenditure mapped out to show impact on different communities and areas within the city?
- How was the relationship with Parish Councils reflected in the budget and could we work better with the Parish Councils?
- Different parts of the city need different environment policy responses.
- How will street care be taken to a different level?
- Much work still to be done with the Parish Councils, e.g. Bletchley Market.
- How does localised cleaning tie into Strategic Hub and Parish Councils.

RESOLVED -

That Cabinet be informed of the following Committee's comments:

- 1. That there had been a good budget settlement.**
- 2. That significant progress had been made in the Environment Directorate.**
- 3. That a mapping exercise be undertaken to show how budgets and services impact on different communities and areas within the city.**

The Committee asked that this resolution be specifically referred to the Corporate Policy Development Committee, as there is a wider debate than just environment.

**(e) CORPORATE POLICY DEVELOPMENT COMMITTEE – 25
JANUARY 2005**

CPDC26 COUNCIL WIDE REVENUE BUDGET 2005/06 ONWARDS

(a) Introductory presentation by the Head of Finance

The Committee received a verbal update on the Council wide Revenue Budget for 2005/06 onwards.

The Committee was asked to consider the proposed draft budget for 2005/06 and its implications for future years within the framework of the Council's existing corporate priorities.

Predominantly the budget process was guided by:

- Policy
- Cash Limits
- Medium to long term planning

The 2005/06 budget was a significantly better settlement than anticipated with an increase of £20.4million, which equated to an 8.3% increase. The removal of financial restrictive ceilings was a major factor to explain the increase in funds.

The percentage increases and one decrease in the budget for 2005/06 divided between the Council's Directorates was as follows:

- 9.2% Learning and Development – Schools
- 4.4% Learning and Development – Non-schools
- 10.6% Environment Services
- 12.7% Neighbourhood Services
- -5.2% Chief Executives

The ongoing issues that needed careful consideration and may affect the medium term plan were highlighted as:

- Growth – and the cost to Milton Keynes Council
- Balance of funding reporting at the end of 2005
- 3 year settlements from 2006/07
- C.P.A. 2005 – gaining higher standards
- Gershon – new regulations would be the key regarding efficiencies

In summary, the budget was described as being a robust one with the need to implement efficiencies and savings methods. It was noted that some reductions in the budget would need members' decisions. A three year focus plan was proposed as the budget for 2006/07 was expected to be a tough year, therefore one-offs and spend to save schemes were being explored. It was also noted that additional work in Children Services would be challenging but deliverable.

The Committee was advised that the Chief Executive's directorate budget was dominated by savings that had been derived from the changes in debtors, stating that the second and third year of savings would be reduced significantly. The capacity of the available budget was strained, however still delivered a saving.

(b) Summary of public consultation

The Committee received a brief summary that highlighted four main areas of concern as a result of the public consultation. They were:

- Planned areas for additional investment
- Areas of planned savings
- Proposed areas concerning reductions within the budget
- Specific comments primarily concerning Council Tax and other Policy Developments

(c) Questions and comments from the public

A comment was received regarding the apparent general lack of support for the services offered under the current Council Tax policy.

(d) Cabinet Members are invited to comment on budget proposals

It was noted that the campaign to lift the financial ceiling barriers was successful and that the budget had been set with the future very much in mind. The settlement had been very generous, however, Members were conscious that it may not be repeated next year. Therefore, a moderate increase of 4.5% in Council Tax had been proposed.

The Committee was reminded that in previous years Milton Keynes Council had not addressed the Gershon efficiency factor. As the city as a whole grew it needed to become more efficient as the service demand level grew. It was noted that there was a need to quantify the efficiencies in budgetary terms and to ask what the growth element was costing Milton Keynes Council.

(e) Debate by the Committee

The Committee raised the following salient points:

With regards to the consultation on Council Tax and the elderly, it was noted that over the previous three years Milton Keynes Council had offered an acceptable arrangement, however concerns were expressed regarding an increase of 4.5% being unreasonable and should be calculated using a pensionable increase rate instead.

The Committee identified that population figures for Milton Keynes had been amended. What was the explanation for the discrepancies?

It was stated that figures used in the reports were usually 2 years out of date and based on the most recent census. It was anticipated to factor in an additional 1,500 population to forecast budgets. Milton Keynes was also described as being “*a constantly moving/changing area*” where it was often difficult to predict population figures.

The Gershon theory was highlighted for having key principles regarding efficiencies, how would Milton Keynes propose to implement this?

The Committee was advised that Central Government would be producing a report on 28 January 2005 outlining the proposals. It would primarily depict differences between:

- Cash Savings, and
- Non cashable savings (most of Milton Keynes savings would be non-cashable)

A report would be submitted to the Corporate Leadership Team to discuss this item for the future, ensuring that work was deliverable. The Committee was advised that a briefing note regarding this item would be available shortly.

It was noted that the Committee needed to illustrate how savings would be derived at present and in the future.

The Committee noted that Children’s Services Placements were often demand led and often difficult to assess, however the report stated that Milton Keynes’ spend on Children’s Services per head of population 0-19 was well below the unitary average – why was there disparity between the two?

The Committee was advised that savings were trying to be made by reducing the number of children being placed into care outside the county boundaries which was expensive, and placing them in foster homes within the borough instead which was proving to be more cost-effective. A reasonable budget had been set for this area, however fluctuations would

be experienced due to the individual needs of children requiring the service.

With regards to income streams, the environment and market changes had these issues been incorporated into the budget?

The Committee was advised that a reduction was in place considering these factors, but would take a long time to see any noticeable, substantial differences.

The Committee also noted the costs of employment and salaries and the need to maximise the workforce efficiently.

A question was raised regarding how the pension fund/claims was performing?

The Committee was informed that the valuation of the fund had taken into account the proposed changes to the local government pension scheme as of 1 April 2005, primarily the abolition of the 85 rule and moving the early retirement age to 55. The funding level of the pension fund had reduced since the previous evaluation due to a combination of factors with the most significant being the actual rate of investment being less than was assumed at the previous valuation. Contribution rates would increase slightly over the next three years, although only slightly. This was due to the actuaries' recommendation to fund the deficit over twenty years compared to twelve years in the previous valuation.

The Committee raised concerns regarding the calculations surrounding the PPP contract, which was the Council's largest contract, stating that many documents had not yet been seen or circulated to members.

It was noted that a client side was in place to manage the budget with HBS. A fixed unitary fee was agreed with HBS at the beginning of the year where the entire financial process was arranged.

It was commented that the details regarding the HBS partnership with Milton Keynes Council was more of a performance related item and that the contract would be reviewed after one year under the Performance and Audit Policy Development Committee's remit.

RESOLVED -

That the Committee endorses the draft 2005/06 budget for submission to the Cabinet, particularly in relation to the Chief Executive's Department budget and to its implications on the 3-year medium term plan.