

**BUDGET MONITORING REPORT - 1999-2000 AND LATER YEARS**

Accountable Officer: P Timmins (Treasurer)

Authors: A Colyer (Assistant Treasurer Corporate Finance) MK 252243  
P Timmins (Treasurer) MK 252371

**1. Purpose**

- 1.1 To report on the latest forecast outturn against the 1999-2000 budget, and the continuation budget and resources for 2000-01 and 2001-02.
- 1.2 To recommend action to contain the 1999-2000 budget to available resources.

**2. Summary**

- 2.1 The report is the first monitoring report of the Council's £174m 1999-2000 budget. It shows that unless action is taken, the Council will be unable to deliver its planned budget outcome of having £3m of balances at March 2000. It also sets out the change in the targets for the later years budgets, 2000-01 and 2001-02, assuming a 5% increase in Council Tax.
- 2.2 The report recommends some immediate measures for the Committee to adopt and a process to help deliver the overall budget objective.

**3. Recommendations**

- 3.1 To note the latest expenditure projections for the current financial year, and the two subsequent years, together with the projections of available resources, as set out at **Annex A** (1 to 2).
- 3.2 To agree the additional expenditure for 1999-2000, as set out at **Annex B**;
- 3.3 To agree the schedule of savings for 1999-2000, as set out at **Annex C** (1 to 4);
- 3.4 To incorporate the effects of **Annex B and C** into the latest approved budget for 1999-2000.

- 3.5 To instruct Service Committees to increase their discretionary fees and charges by 6% from 1 October 1999.
- 3.6 To instruct officers to report back at an autumn meeting of the Committee with further options to help deliver the overall budget objective.
- 3.7 To note that a paper is being drawn up on a longer term budgeting strategy that will be presented to the September meeting of this Committee.

#### 4. **Background**

4.1 The Policy and Resources Committee in February 1999 requested that reports be made to each scheduled meeting of the Committee to update the three year forecast of the continuation budget against the likely available resources.

4.2 The report updates the forecast and, for a number of reasons, shows an increase in expenditure compared to the original 1999-2000 budget. The quantum and details are set out at **Annex B**.

#### 5. **Issues and Choices**

5.1 The 1999-2000 budget was planned in the context of a three year Government settlement, which opened up the possibility for Councils to smooth expenditure over the three years. Recent changes to the budget, and the impact on the three year forecast, are set out at **Annex A**.

5.2 Resources of just over £3m have been identified to meet the additional expenditure. The sources consist of:

(a) Underspend brought forward from 1998-99 £ 613k

(b) Savings and income generation in 1999-2000 £2,436k

5.3 The identified savings are set out at **Annex C**, and include items both of a one-off nature which will help this year, and continuing items which will have a positive effect in later years. A recommendation to bring forward the date for implementing the annual increase in fees and charges from April 2000 to October 1999 is set out at paragraph 3.5.

5.4 The consequence of this exercise is that the reserves would reduce to £1.855m. Further issues might arise concerning expenditure commitments arising out of 1998-99, which total £324k - the resolution of these issues will be reported to Committee.

5.5 However, the Council has already stated that it does not wish to see reserves fall below £3m and to ensure that this position is protected, then further measures will be required, both for 1999-2000, 2000-01 and later years. Further options will be reported back to an autumn Policy and Resources Committee, on how this objective can be achieved.

#### 6. **Implications**

6.1 Environmental

Such considerations form an integral part of the budget process.

## 6.2 Equalities

Equalities issues are mainstreamed and part of the budget process.

## 6.3 Financial

There are unresolved matters concerning the Milton Keynes Theatre, which when resolved will be reported to the Policy and Resources Committee.

## 6.4 Legal

There are no legal implications.

## 6.5 Staff and Accommodation

None.

## 7. **Conclusions**

7.1 This report is the first of this financial year's monitoring statements. The strategy outlined in this paper will maintain the Council's financial position.

### **Annexes:**

- A (1) Summary 3-year budget projection
- A (2) Pressures on 1999-2000 budget and effects on future years
  
- B Pressures on 1999-2000 budget by Committee
  
- C (1) Savings proposals - Community Learning Committee
- C (2) Savings proposals - Environment Committee
- C (3) Savings proposals - Neighbourhood Services Committee
- C (4) Savings proposals - Policy and Resources Committee
  
- D Committee Summary 1999-2000
  
- E Analysis of Deferred Items
  
- F Anticipated changes to Later Years Budgets

**Background Papers:** None