

CHIEF EXECUTIVE

A FORECAST BUDGET 2004/2005	9,683,300	9,683,300	9,683,300
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PERMANENT VIREMENTS BETWEEN DIRECTORATES	2005/06 £	2006/07 £	2007/08 £	COMMENTS
1				
TOTAL PERMANENT VIREMENTS	0	0	0	

INFLATION	2005/06 £	2006/07 £	2007/08 £	COMMENTS
Pay Inflation				
1 Pay Inflation	168,810	346,560	535,200	Budgeted at 2.95% Years 1 and 2, 3% Year 3
2 Salary Increments	85,030	214,230	297,050	Budgeted on incremental entitlement to current establishment
3 Vacancy Provision	(44,030)	(46,480)	(48,960)	Budgeted on incremental entitlement to current establishment @ 4%
4 Vacancy Provision	(7,320)	(8,140)	(8,920)	Current Vacancy Provision
5 Recruitment Advertising	44,030	46,480	48,960	Recruitment budget created for 05/06 - funded by increase in vacancy provision
6 Pensions Inflation	21,380	38,220	61,110	Inflation at 2.95% additional Superannuation costs for ex MKBC & BCC employees
7 Mayor Allowance Inflation	340	690	1,060	Inflation at 2.95%
8 Inflation on Members Allowances	9,820	24,110	39,150	Inflation at 2.95%
9 Members Special Responsibility	23,750	32,420	41,090	Increased scope of Members Special Responsibilities Allowances
10 Additional Superann as a result in pension fund performance	0	28,800	28,800	Additional 0.6% increase in 2006-07 only in line with Corporate Guidance
	301,810	676,890	994,540	
Contractual Inflation				
1 Employee Related Insurances	830	1,690	2,570	Budgeted at 5%
2 External Audit Fees	15,980	33,510	50,910	Budgeted at 3%
3 Insurance	740	1,580	2,460	Budgeted at 5%
4 Rent Allowances	9,690	17,570	25,530	Budgeted @ 1%
5 Council Tax Benefits	0	1,830	3,670	Budgeted @ 1% 1ST YR is zero due to 100% subsidy budget in 2004/05
6 Rent Rebates	4,800	9,650	14,540	Budgeted @ 1%
7 Discretionary Rate Relief	7,150	14,480	20,990	Budgeted @ 2.5%
8 Xerox Rental	530	1,080	1,640	3% now applied to service charge element of contract only
9 Occupational Health Contract	2,800	6,100	9,920	Budgeted at 5%

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INFLATION	2005/06 £	2006/07 £	2007/08 £	COMMENTS
10 Synergy Park Rent & Service Charge	1,230	2,510	3,820	Budget at 3%
11 Enline Contractual Inflation	250	510	790	Enline Contractual Inflation 5%
12 Software Maintenance	1,820	3,700	5,650	GIS mapping system inflation confirmed at 3.62%
13 Unitary Charge	953,880	2,434,950	4,423,620	Unitary Charge calculation (80.9% x 2.95% plus 19.1% x 2.8% plus an element of pension at 20.4%)
14 Fixed Charge PPP	(269,350)	(496,510)	(733,720)	PPP Element of recharge at 2.9%
15 Non PPP Recharges	(273,920)	(517,380)	(777,350)	Non PPP Recharge element at 4%
	456,430	1,515,270	3,055,040	
TOTAL NET INFLATION	758,240	2,192,160	4,049,580	

SAVINGS	2005/06 £	2006/07 £	2007/08 £	COMMENTS
Efficiency Savings				
1 Lease Savings	(59,400)	(118,800)	(118,800)	Reduction in IT lease budget of £59k due to transfer of equipment under the PPP contract.
2 Procurement Savings	(200,660)	(283,440)	(310,000)	Efficiency savings on PPP contract procurement target
3 Royalty Income	(37,500)	(37,500)	(37,500)	PPP Contract Royalty Income
4 Introduction of SAP	(190,000)	(190,000)	(190,000)	2004/5 project only
5 Costs/Savings on Profile of Contract	(720,260)	(1,457,180)	(3,143,500)	Contract cost including phasing in & revaluation of pension fund
6 Rescheduling of Debt	(50,000)	(50,000)	(50,000)	Debt reschedules in 2004-05
7 Cashflow savings	(100,000)	(100,000)	(100,000)	Cashflow savings as a result of advantageous marketing conditions
8 Supplies and Services Savings	(4,840)	(4,840)	(4,840)	This will reduce capacity for printing to support people management change initiatives and programmes;
Total Efficiency Savings	(1,362,660)	(2,241,760)	(3,954,640)	
Other Savings				
1 Discretionary Rate Relief	0	(40,000)	(80,000)	This would involve undertaking a complete review of the DRR Policy. It is achievable, however the implications and savings generated are difficult to predict without a full review of current policy and recipients. There is a threat that the loss of grant assistance would cause some of the current recipients to close their service. Agreed as part of 2004-05 budget process
2 War Widows - Ex-Gratia Payments	(2,370)	(4,670)	(4,670)	Budget revised based on 2004-05 projects showing downward trend on number of claimants as agreed as part of 2004/05 budget process

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SAVINGS	2005/06 £	2006/07 £	2007/08 £	COMMENTS
3 Freedom of Information Act	(60,000)	(60,000)	(60,000)	Removal of one off cost of IT system to track, log requests made under the freedom of information act.
4 Pension Strain Savings	(16,890)	(16,890)	(16,890)	Pension Strain payment made in 04/05 therefore no longer needed
5 Corp Property Savings	(30,000)	(30,000)	(30,000)	Saving linked to Magistrates Court building maintenance only. Budget reduction to be amended to £30k for each year on the basis that the annual increase in the maintenance budget will cease on the 1st April 2005 when the Magistrates Court transfers to the Lord Chancellors Department (Courts Act 2003, Schedule 2). Property transfer negotiations ongoing.
6 Fraud Team	(30,000)	(30,000)	(30,000)	Adjustment to budget to reflect current levels of activity
7 Budget saving on Parish Grants	(19,700)	(19,700)	(19,700)	Budget no longer required
8 Pension Adjustment	(175,000)	0	0	One off Pension adjustment to reflect changes in Pension rates/rules
9 Capital Receipts	(405,000)	0	0	Invest capital receipts of £9m for 1 year invested at 4.5%
10 Council Tax	(232,000)	(232,000)	(232,000)	Adjustments to NNDR Pool (£55k), costs recovered (£227k) and Bad Debt Provision £50k to reflect the actuals in 2003/04
11 Commercial Lettings	(18,770)	(28,160)	(37,540)	Based on 05/06 rent increases
12 Adjustment for no Local Elections in 05/06	(43,830)	0	0	Reduction does not apply to 06/07 & 07/08
13 Childcare Allowances	(7,500)	(7,500)	(7,500)	Employees on MK6 and below with one (or more) child below the age of 8 are eligible to claim the childcare subsidy which is a contribution to the costs of care provided by a registered childminder/carer. 59 employees are in receipt of the subsidy, with a further 19 claims in train. Given this level of uptake, and assuming no upsurge in claims, a saving can be anticipated.
Total Other Savings	(1,041,060)	(468,920)	(518,300)	
TOTAL SAVINGS	(2,403,720)	(2,710,680)	(4,472,940)	

GROWTH	2005/06 £	2006/07 £	2007/08 £	COMMENTS
Demographic Growth				
1 Registration of Electors	860	2,650	4,880	Demographic Growth at 1.8%
2 Elections	450	2,450	4,960	Demographic Growth at 1.8% on remaining election budgets
3 Benefits Subsidy	(82,630)	(82,630)	(82,630)	Correct Benefits Subsidy Figures per DWP report
4 Pension Credit	9,130	9,130	9,130	Correct Pension Credit Figures per DWP report
Total Demographic Growth	(72,190)	(68,400)	(63,660)	
Unavoidable Growth				
1 Standards Committee	5,000	5,000	5,000	Standards Committee expenditure - New legal obligation to investigate.
Total Unavoidable Growth	5,000	5,000	5,000	

GROWTH	2005/06 £	2006/07 £	2007/08 £	COMMENTS
Budget Corrections				
1 Subsidy Budgets	118,240	118,240	118,240	Creation of the overpayments budget in rent rebates
2 Secondment Exchange Programme Increase	50,000	50,000	50,000	Increasing Budget to £150k

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3 Sale of Registers & Minutes	2,500	2,500	2,500	Demand reduced
4 Live MK contract	100,000	102,310	105,210	Live MK Printing Costs
5 Hardware Maintenance	19,000	19,000	19,000	Blue-Chip Ltd Maintenance already costs £52k - we only have £36k in current budgets. We think the £52k charge is understated and some inflation element needs to be allowed. This is for maintenance on Unix Server Computers - to get to £55k maintenance budget estimate
6 Software Maintenance	1,800	1,800	1,800	Unix Box Cover
7 Hardware Maintenance - MK Web	15,000	15,000	15,000	Fees paid to MK Web are £40k in 2004/05. We only have a £30k budget. We are tendering for this contract but MK Web had previously forecast a cost of around £50k per year in 2005/06. We think it prudent to budget for at least £45k of costs re our internet services (i.e.: an extra £15k for Internet)
8 Hardware Maintenance - NHS Communications Link	2,000	2,000	2,000	£2k for hardware support for our NHS Communications Link.
9 Occupational Health Contract	7,200	14,400	21,600	Increase to reflect actual cost of contract
10 Broadband Rental	12,000	12,000	12,000	The rental of broadband and ISP services for Members has been estimated to cost around £12k per year. One time equipment and installation costs are covered via e-government grant but the ongoing revenue costs are currently unbudgeted.
11 DA Audit fees - insufficient budget	32,050	10,350	(4,140)	Budget forecasting is based on the actual fee (when known) inflated for following years. Also during 5/6 and 6/7 a process exists apportioning fees across multiple years. Thus budget must be prudent to reflect expected increases as opposed to unrealistic arbitrary reduction targets. Adjustment creates a prudent budget for 5/6 based on known 4/5 fees.
12 Hardware Maintenance - Smart Travel	2,000	2,000	2,000	We have contracted commitments in the sum of £2k p.a. for the Smart Travel website.
13 Ratings Appeal	265,010	0	0	Remove target for 2005/06, add back for 06/07 onwards
Total Budget Corrections	626,800	349,600	345,210	
TOTAL ESSENTIAL GROWTH	559,610	286,200	286,550	

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CUTS	2005/06 £	2006/07 £	2007/08 £	COMMENTS
Level 1 Cuts				Remove growth agreed for 2005-06 as part of the 2004-05 budget round, keeping the programme at the current level
1 Secondment Exchange Programme	(50,000)	(50,000)	(50,000)	
Sub Total Level 1 cuts	(50,000)	(50,000)	(50,000)	
Level 2 Cuts				
1				
Sub Total Level 2 cuts	0	0	0	
TOTAL CUTS	(50,000)	(50,000)	(50,000)	

PROJECTED BUDGET	8,547,430	9,400,980	9,496,490
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GROWTH	2005/06 £	2006/07 £	2007/08 £	COMMENTS
1 Communications	50,000	50,000	50,000	Service Development
2 Democratic Services	5,000	5,000	5,000	The £5k unavoidable growth currently proposed to fund Standards Board investigations next year is the absolute minimum likely to be needed to carry out this function. It will provide between 50-100 person hours of work, and is likely to cover 2 straight forward cases only. It is difficult to predict the number of cases that will be referred to the council for investigation more than 2 is a real possibility. A prudent provision of a further £5k should be made if resources permit
3 Democratic Services	180,000	180,000	180,000	Members Allowances (Could be reduced to circa £90k if only the recommendations on basic allowances are applied)
3 Access MK	100,000	100,000	100,000	Space Planning - improve office usage
5 Change MK	345,000	0	0	Spend to Save Initiative Fund
TOTAL SIMS GROWTH	680,000	335,000	335,000	

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PROJECTED BUDGET	9,227,430	9,735,980	9,831,490
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