

MILTON KEYNES COUNCIL

23 FEBRUARY 2010

BUDGET REPORT 2010/11

RESOLVED –

REVENUE BUDGET

1. That the Council Tax for 2010/11 be set at a 1.5% increase, viz. 32p per week, or £16.64 per year for a Band D tax payer, as a consequence of which the Milton Keynes Council Tax overall is estimated to be £54 per year lower than the national average, and that noting the damage caused to Milton Keynes highways during the severe winter this year, and the potholes in the roads that this has caused, together with the desire of residents that action be taken immediately to resolve this problem, an additional increase in the level of Council Tax of an additional 0.5%, approximately 10p per week, be approved adding an additional £445,000 to the budget specifically to put this damage right without delay.
2. That, in so doing, the new investment of £7.9 million which has been achieved in Council services be noted, such as:
 - Improved School Standards;
 - Children's Social Workers;
 - Environment;
 - Waste Procurement;
 - Community Well Being
 - Older People;
 - Physical Disability;
 - Learning Disability;
 - Mental Health;
 - Plusbus.
3. That it be noted that £10.3 million of savings had been achieved without affecting front line services.
4. That, in so doing, the following proposals of the Labour Party be accepted and funded within the budget, as follows:
 - (a) an extension of the concessionary fare scheme for young people from 1 January 2011 so as to include bus users between the ages of 16 and a day below their 17th birthday as of right;

- (b) the re-instatement of the planned 4% expenditure savings for organisations under the community and third sector, arts and heritage heads of the budget;
 - (c) a review of the personal fees and charges to confirm that they accord with the projected rate of inflation and do not withdraw previously agreed discounts;
 - (d) that an element of the Parish Deprivation Fund be set aside to enable parishes prioritised within the Neighbour Regeneration Strategy to play a full part in ensuring their residents' engagement in regeneration plans;
 - (e) the re-instatement of the Library Book Funds to its current level;
 - (f) the re-instatement of the grant to the Youth Housing Network at its current level.
5. That the technical recommendations of the Corporate Director - Finance and Risk Management be endorsed, as follows:
- (a) that the directorate estimates and estimates for the General Finance Account items, based on an indicative minimum Council Tax increase of 1.5% be approved, taking into account the comments arising from scrutiny of the budget by the Budget Review Group on 2 February 2010.
 - (b) that it be noted that the budget is a financial exposition of the priorities set out within the Corporate Plan and the Directorate Service Plans.
 - (c) that it be noted that, in line with the requirements of the Local Government Act 2003, the Corporate Director - Finance and Risk Management (subject to a minimum Council Tax increase of 1.5% as outlined above), is of the view that:
 - (i) The General Fund balances of £7.053m and the level of reserves, particularly in relation to capital, are adequate to meet the Council's financial needs for 2010/11. This view takes account of the reserves included in the Council's latest audited Accounts as at 31 March 2009 and, the movements of those reserves since that date, which have been tracked through the monthly Budget Monitoring Reports. The projections in the Housing Revenue Account (HRA) balance to maintain the balance at £4.729m by 31 March 2010 are also considered to be adequate at this point in time but will need to continue to be reviewed in the light of the challenges facing the HRA.
 - (ii) The General Fund estimates are sufficiently robust to set a balanced budget for 2010/11. This takes into account the adequacy of the level of balances and reserves outlined above and the assurance gained from the comparisons of the 2009/10 budget with the projected spend identified in

the December 2009 (Period 9) Budget Monitoring Report which shows an underspend of £4.179m against the agreed budget for 2009/10. The Corporate Director - Finance and Risk Management's view also takes into account the issues raised in the Audit Commission's most recent Annual Letter.

- (d) that it be noted that at its meeting on the 26 January 2010, the Cabinet agreed its Council Tax Base for the 2010/11 financial year in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992.
 - (e) that the policy requiring the Corporate Director - Finance and Risk Management to seek to mitigate the impact of significant changes to either resources, such as Formula Grant changes, or expenditure requirements be continued.
 - (f) that the summary of the HRA Budget and Rent Setting report agreed by Cabinet on 26 January 2010 be noted.
 - (g) that the approach of using reserves to manage emerging risks and liabilities and to use one-off monies released from the review of reserves and other funding sources to support the capital programme or other one-off expenditure, be continued.
6. That the following calculation of the Council's budget requirement in terms of its gross revenue and income including transactions on the Housing Revenue Account as required by Section 32 of the Local Government Finance Act 1992 be agreed:

CALCULATIONS UNDER SECTION 32 OF THE LOCAL GOVERNMENT FINANCE ACT 1992		£m
a)	Aggregate of amounts which the Council estimates for the items set out in Section 32(2) a) to e) of the Local Government Finance Act 1992.	569.144
b)	Aggregate of amounts which the Council estimates for the items set out in Section 32(3) a) to c) of the Local Government Finance Act 1992.	374.262
c)	Aggregate of amounts which the Council estimates for the items set out in Section 32(4), being the amount by which the sum aggregated at (a) above exceeds the aggregate of (b) above.	194.881

7. That the following amounts be calculated by the Council for 2010/11 in accordance with Section 33 of the Local Government Finance Act 1992:

- (a) £194.881m, being the amount calculated under Section 32(4) of the 1992 Act as the Council's budget requirement for 2010/11.

- (b) £103.616m, being the aggregate of the sums which the Council estimates will be payable for 2010/11 into its General Fund in respect of redistributed NNDR, Revenue Support and Area Based Grant increased by the amount the Council estimates will be transferred from its Collection Fund to its General Fund pursuant to the Local Authorities (Funds) (England) Regulations under Section 97(3) of the Local Government Finance Act 1988 made on 21 January 2010.
- (c) £91.266m, being the amount at (a) above less the amount at (b) above, all divided by the amount which has been calculated by the Council as its Council Tax Base for 2010/11, in accordance with Section 33(1) of the 1992 Act, as the basic amount of the Council Tax for 2010/11.

8. That the following amounts be calculated by the Council for 2010/11 in accordance with Section 36 of the Local Government Finance Act 1992:

VALUATION BANDS							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
744.18	868.21	992.24	1,116.27	1364.33	1612.39	1860.45	2232.54

Being the amounts given by multiplying the amount at 1.4 above by the number which, in the proportion set out in Section 5(1) of the 1992 Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the 1992 Act, as the amounts to be taken into account for 2010/11 in respect of categories of dwellings listed in different valuation bands.

9. That it be noted that the Thames Valley Police Authority, in accordance with section 40 of the Local Government Act 1992, has stated the following amounts of precepts issued to the Council for 2010/11 (subject to confirmation following the meeting of the Police Authority on 19 February 2010):

VALUATION BANDS							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
102.87	120.01	137.16	154.3	188.59	222.88	257.17	308.6

10. That it be noted that the Buckinghamshire and Milton Keynes Fire Authority, in accordance with section 40 of the Local Government Act 1992, has stated the following amounts of precepts issued to the Council for 2010/11:

VALUATION BANDS							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
39.42	45.99	52.56	59.13	72.27	85.41	98.55	118.26

11. That as a result of items 8 to 10 above, the amounts of Council Tax shown in Schedule C to Annex O be set, in accordance with Section 30(2) of the Local Government Act 1992, for each of the categories of dwelling shown in the Schedule.

CAPITAL PROGRAMME

12. That the Capital Programme and funding thereof be approved, as set out in **Annex G** of the officer report and the table below:

Funding for Capital Programme 2010/11

Funding Source	£m
Government supported borrowing allocations (SCE (R))	20.411
Capital receipts	2.419
Major Repairs Reserve	4.897
Other government grants	37.164
Third party contributions	5.743
Revenue contributions	3.002
Prudential borrowing	5.822
Sub-total	79.458
Applied to 2009-10 overspends	(3.355)
Funding available for programme	76.103

TREASURY MANAGEMENT

13. That the Treasury Management Strategy and Policy Statement for 2010/11 – 2012/13 be approved, as set out in Annex M of the officer report.

PRUDENTIAL INDICATORS

14. That the prudential indicators for Capital Expenditure and the Capital Financing Requirement, the Authorised Limit and Operational Boundary for External Debt, the Affordability Prudential indicators and the Treasury Management Prudential Indicators for the years 2010/11 to 2013/14 as set out in Section 8 and Annex M be approved.
15. That the authorised limit for external debt of £415m agreed above for 2010/11 will be the statutory limit determined under Section 3(1) of the Local Government Act 2003.
16. That the following technical comments by the Corporate Director – Finance and Risk Management in respect of funding and the process of the Capital Programme and Treasury Management be noted:
 - (a) that this programme takes no account of the one-off funds that are likely to be available as additional funding to the programme from 2010/11 onwards, as it is prudent not to anticipate resources until they are clearly achievable and that if funding is not secured this will be funded from slippage and addressed through the development of the 2011/12 Capital Programme.
 - (b) that the Council will create and maintain, as the cornerstones for effective treasury management
 - (i) a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
 - (ii) suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
 - (d) that the Overview and Scrutiny Management Committee be nominated to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies.
17. That, having regard to the future, officers be instructed to develop a workforce strategy that will effect further staff reductions with particular regard to tiers of middle management, subject to the preservation of front line services, performance management, regular reporting and the approval of the Cabinet at every relevant stage of the process.
18. That officers be thanked for their efforts in assisting the development of the proposed budget.