Democratic Services

MEETING of the CABINET

WEDNESDAY 25 JULY 2012
7.00 PM

COUNCIL CHAMBER, CIVIC OFFICES
CENTRAL MILTON KEYNES

AGENDA

Members of the Cabinet:

Councillor A Geary (Chair and Leader of the Council)
Councillors Bald, Bint, Brock, Dransfield, P Geary and Hopkins

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Meeting Attended: **Cabinet**

Date of Meeting: **25 July 2012**

Comments:…………………………………………………………………………….

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Contact details:…..………………………………………………………………….

AGENDA

1. **Chair's Announcements**

2. **Apologies**

3. **Cabinet Announcements**

4. **Minutes**

   To approve, and the Chair to sign as correct records, the Minutes of the meetings of the Cabinet held on 20 June 2012 (Item 4[a]) (**Pages 7 to 14**) and 4 July 2012 (Item 4[b]) (**Pages 15 to 17**).

5. **Disclosure of Interests**

   Members to declare any disclosable pecuniary interests they may have in the business to be transacted, and officers to disclose any interests they may have in any contract to be considered.

6. **Public Involvement**

   Deputations and Petitions

   (a) No requests have been received for the Cabinet to receive a deputation at this meeting.

   Any petitions received will be reported at the meeting.

   (b) Questions from Members of the Public

   To receive questions from residents and electors of the Borough.

7. **References from Council and Committees/Matters from Overview and Scrutiny Committees.**

   (a) Licensing Committee – 27 June 2012

   Milton Keynes Council Enforcement Policy

   "That the Enforcement Policy be recommended to the Cabinet to adopt, prior to recommendation of the Policy to full Council."

   (b) Regulatory Committee – 27 June 2012

   Milton Keynes Council Enforcement Policy

   "That the Enforcement Policy be recommended to the Cabinet to adopt, prior to recommendation of the Policy to full Council."

   (c) Economy. Growth and Regeneration Select Committee - 3 July 2012

   Localisation of Council Tax Benefits (**Pages 18 to 19**),

   "1. That the Cabinet agree a preferred approach on how to meet the £3.5m funding gap and that the public should be consulted on the Cabinet's preferred option, together with a range of other options that meet the funding gap.

2. **That the Localisation of Council Tax Benefit report, to be received by the Cabinet at its meeting on 17 October 2012, includes full details of the risks associated with the project.**

3. **That Cabinet give an assurance that implementation of any of the proposals would safeguard vulnerable groups."**

(d) Development Control Committee – 12 July 2012

Milton Keynes Council Enforcement Policy

"That the Enforcement Policy be recommended to the Cabinet to adopt, prior to recommendation of the Policy to full Council."

The Cabinet is advised that a report on the Milton Keynes Council Enforcement Policy is included at Item 9 of this agenda.

(e) Council – 11 July 2012

(i) Skate Parks and Facilities for Young People

That this Council:

(a) believes that providing and maintaining high quality facilities for young people should be a Council priority;

(b) regrets that the Administration only changed its instruction to the Parks Trust to remove the Broughton Skate Park after sustained public pressure, including from young people and the Parish Council, and the reputational damage suffered as a result of this error of judgement;

(c) recognises how popular and well-used the Skate Park has been, the comparatively small number of complaints on noise grounds, and the lack of facilities for teenagers available in the area;

(d) notes the slow progress of the recommendation of the Development Control Committee on 17 September 2011 to investigate the issue of play provision across Milton Keynes, and the continued failure by the Administration to ensure cross-departmental co-ordination across the Council;

(e) calls on the Cabinet to ensure that sufficient resources, including funding, are provided to ensure that the review of planning and play policies, to ensure adequate separation of facilities from housing, can be carried out and proposals developed by 31 August 2012;

(f) urges immediate talks with Places for People and Crest Nicholson, to include immediate and adjacent parish councils, about their plans in Brooklands and Oakgrove respectively; and

(g) declares that, in the event of failure to provide adequate noise reduction, the Council has a duty to provide a replacement park at a more suitable location well away from residents but convenient for young people, and requests the Cabinet to conduct a review of alternative locations and funding options for a skate park, working with landowners as required, to report back no later than 3 months after the conclusion that problems remain and cannot be mitigated at the existing site.

8. Members' Items

None

9. Adoption of a Milton Keynes Council Enforcement Policy

To consider Item 9 (**Pages 20 to 26**)

10. Proposed Integration of Russell Street Day Nursery with The Rowans Day Nursery

To consider Item 10 (**Pages 27 to 30**)

11. Housing Management – Closure of Housing Offices

To consider Item 11 (**Pages 31 to 37**)

12. Grid Road Lighting

To consider Item 12 (**Pages 38 to 44**)

13. East West Rail

To consider Item 13 (**Pages 45 to 48**)

14. Transport Infrastructure Investment

To consider Item 14 (**Pages 49 to 69**)

15. Outline Business Case for Highways and Transportation Services

To consider Item 15 (**Pages 70 to 153**)

16. Organisational Transformation Programme (OTP) Plan

To consider Item 16 (**Pages 154 to 164**)

17. The Neighbourhood Planning Decision Making Process

To consider Item 17 (**Pages 165 to 183**)

18. Update on Wolverton Neighbourhood Plan and consideration of Compulsory Purchase of the Agora site

To consider Item 18 (**Pages 184 to 193**)

19. University College Milton Keynes

To consider Item 19 (**Pages 194 to 216**)

20. Medium Term Financial Plan

To consider Item 20 (**Pages 217 to 272**)

21. Revenue Budget Capital Programme Monitoring and Workforce Report

To consider Item 21 (**Pages 273 to 320**)

22. Capital Programme Revisions and Spend Approvals

To consider Item 22 (**Pages 321 to 345**)

23. Cabinet Procurement Committee - 6 June 2012 and 3 July 2012

To receive the Minutes of the meetings of the Cabinet Procurement Committee held on 6 June 2012 (Item 23[a]) (**Pages 346 to 349**) and on 3 July 2012 (Item 23[b]) (**Pages 350 to 352**).

24. Members' Questions (15 minutes)

Members to ask questions of the Leader or a Cabinet Member on issues within their portfolio.

MILTON KEYNES COUNCIL

Minutes of the meeting of the CABINET held on WEDNESDAY 20 JUNE 2012 at 7.00 pm

Present: Councillor A Geary (Chair)
Councillors Bint, Brock and P Geary

Officers: D Hill (Chief Executive), L Bull (Corporate Director [Community Wellbeing]), T Hannam (Corporate Director [Resources]), G Tolley (Director of Children's Services), G Snelson (Director of Strategy), M Bracey (Assistant Director [Children and Families: Learning Organisation and Improvement]), N Fenwick (Assistant Director [Planning, Economy and Development]), P McCourt (Assistant Director [Law and Governance]), J Moffoot (Assistant Director [Democratic Services]), J Reed (Assistant Director [Housing]), L Ellen (Head of Housing Management), J Entwistle (Head of Infrastructure), S Gonsalves (Head of Policy and Performance), J Jones (Head of Portfolio Office) and S Muir (Committee Manager)

Also Present Councillors M Burke, Coventry, Hawthorn, Miles, White, C Williams and Zealley

Members of the Public: 14

C03 MINUTES

RESOLVED -

That the Minutes of the meetings of the Cabinet held on 3 April 2012, 18 April 2012 and 23 May 2012, be approved and signed by the Chair as correct records.

C04 ANNOUNCEMENTS

The Assistant Director (Democratic Services) was congratulated on receiving the Award of MBE for services to young people and the community of Milton Keynes in the recent Queen's Birthday Honours List.

C05 PROPOSED REVISION OF THE GUIDELINES FOR THE MANAGEMENT OF THE SHOPPING BUILDING AT CENTRE:MK, FOR TURLEY ASSOCIATES

The Cabinet received a referral from Development Control Committee held on 12 April 2012:

- That Cabinet be advised that the issue of wayfinding in Central Milton Keynes needed to be addressed.

RESOLVED -

That a written report on the issue of the wayfinding signage in Central Milton Keynes be submitted to the September 2012 meeting of the Cabinet.

C06 WIND TURBINES SUPPLEMENTARY PLANNING DOCUMENT

Cabinet noted that the Wind Turbines Supplementary Planning Document and Emerging Policy: Wind Turbines Planning Applications document had been withdrawn.

C07 HOMES AND COMMUNITIES AGENCY ASSETS

The Cabinet considered the Transfer of Homes and Communities Agency Assets. The responsible Portfolio Member advised that Officers had met with the Department of Communities and Local Government (DCLG) and the Homes and Community Agency (HCA) on 20 June 2012 and had agreed:

- Heads of Terms agreement, including the valuation of the assets.
- Timetable for securing formal approval from the Council, HCA Board, DCLG Ministers & Treasury by the end of July 2012.
- Tariff Risk Management Strategy and the residual risk share arrangement would be subject to consultation with affected landowners/developers and formal decisions about infrastructure requirements.
- Until the negotiations were completed the DCLG & HCA would need to be consulted about the tariff-related infrastructure decisions. The default position would be that the Council could take on tariff risks at the time of the biennial review unless the risk position worsened significantly.
- HCA to consider a proposition from the Council to manage any non-housing sites retained by the HCA, on the basis of a Memorandum of Understanding.

The Cabinet heard comments from other Members of the Council during consideration of this item.

RESOLVED -

1. That the Heads of Terms for the transfer of the Homes and Communities Agency assets be approved.
2. That the risks apparent in the Tariff and the development of the Risk Management Plan to mitigate these risks be noted, and the transfer of the Tariff, the potential risk to the Council and the creation of an earmarked reserve on this basis, be approved.

3. That the final costs of the Homes and Communities Agency Asset and Tariff transfer be funded in accordance with previous Cabinet resolutions.

4. That the Chief Executive, in consultation with the Leader, the Portfolio Holder for Finance and the Assistant Director (Law and Governance), be authorised to enter into a legal agreement based on the agreed Heads of Terms for the transfer of the assets, the transfer of the Tariff, the waiver of historic clawback and the transfer of the Development Control functions.

5. That the Chief Executive (in consultation with the Leader and the Deputy Leader) be authorised to take all necessary preliminary steps to establish a wholly owned "Development Company" to develop the assets on the basis of the Terms of Reference, and to seek approval for the proposed Memorandum and Articles of Association and a draft Business Plan in time for the company to be established before the asset transfer takes place.

6. That progress on the remaining parts of the negotiation be noted.

C08 AFFORDABLE RENT

The Cabinet considered a report that sought to reconfirm the Council's position regarding the acceptance of affordable rent. It was advised that there was a need for a formal review of the Affordable Housing Supplementary Planning Document.

The Cabinet heard comments from other Members of the Council and a member of the public during consideration of this item.

RESOLVED -

1. That the interim planning policy position be confirmed as requiring 30% affordable housing (25% social rent and 5% shared ownership), in accordance with Local Plan policies and the Affordable Housing Supplementary Planning Document (2007), but that if the development can be proved to be unviable and/or undeliverable, the Council may accept 'Affordable Rent' as an affordable housing tenure, to be applied on a site by site basis.

2. That the Affordable Housing Supplementary Planning Document be produced alongside the preparation of a Community Infrastructure Levy Charging Schedule and review of s106 contributions, as part of the ongoing Planning Obligations Policy Review project.

C09 HOUSING STRATEGY

The Cabinet considered a report which set out a new Housing Strategy for Milton Keynes. It identified the main issues as:

- To Increase Housing Supply,
- To tackle Existing Housing Conditions
- To improve Access to and Affordability of Housing.

The Cabinet heard comments from other Members of the Council and a member of the public during consideration of this item

RESOLVED -

1. That the Housing Strategy be approved.
2. That further public consultation on the Council's Allocations Policy (including housing homeless households in the private rented sector rather than in social housing) be approved.
3 That further public consultation on the Rent Policy for the Council's housing stock be approved.
4. That further public consultation on the new Tenancy Strategy, as required by the Localism Act 2011, be approved.
5. That a new Strategic Housing Market Assessment and Strategy as necessary to identify the scale and mix of housing and the range of tenures that the local population is likely to need over the Local Development Framework period be approved.

C10 CLOSURE OF HOUSING OFFICES

The Cabinet considered a report that reviewed the housing management service leading to a major transformation in terms of service delivery.

The review concluded that satellite housing offices did not provide value for money or supported the Council to deliver a more efficient, more local responsive service and recommended the closure of the Netherfield, West Bletchley and Lakes Estate housing offices

It was reported that widespread consultation had been carried out and alternative use of the Lakes Estate housing office in line with the regeneration programme had been considered It was likely that community use of the offices could be facilitated.

The Cabinet heard comments from other Members of the Council and 3 members of the public during consideration of this item.

RESOLVED -

1. That the closure of the Netherfield, West Bletchley and Lakes Estate housing offices, be approved.
2. That a report on the adequacy of the systems for handling customers' enquiries be submitted to the Cabinet, and that the proposed housing office closures will not be enacted until that report is received.

C11 REGENERATION FOR MILTON KEYNES

The Cabinet considered a report that progressed the regeneration of the most deprived areas in Milton Keynes and would enable the correct governance and commissioning arrangements to be put in place to drive the regeneration of the estates in a sequential and focussed approach with the private sector and community partners. Officers reported that the approach complemented and incorporated existing community regeneration developments and contributed to Milton Keynes economic regeneration.

The Cabinet heard comments from other Members of the Council during consideration of this item.

RESOLVED -

1. That Cabinet recognise that the report represented the start of a holistic approach to regeneration which would be taken forward through a further review early in 2013.

2. That an innovative and ambitious programme to regenerate Milton Keynes' areas of deprivation, based on contributing land value as part of a package to attract private sector investment and capacity, and work with all stakeholders to seek solutions to develop, renew and maintain, be approved.

3. That the Council's objectives include upfront capital investment for estate redesign and improvement (beyond what could be afforded within the limited 'headroom' in the HRA); additional funding for the refurbishment of existing housing stock and tackling fuel poverty; net additional social housing units; enhanced commercial and retail facilities in the regeneration areas; and improved social and economic outcomes for residents.

4. That the physical regeneration of estates be the catalyst for economic, social and human regeneration.

5. That the proposed programme, working up an Outline Business Case (OBC) which would identify the most effective route for undertaking the refurbishments, the provision of the necessary investment and the acquisition of the required development and construction skills, through the related procurement of strategic partner/s to help deliver the Council's regeneration and wider Corporate Plan objectives, be approved.

6. That the Outline Business Case (OBC) incorporate specific solutions for the Lakes Estate, but should be designed to be replicable for addressing the needs of the other estates and provide for a procurement mechanism that could be rolled forward to other estate refurbishment / re-investment projects. The development of the OBC should be dynamic and evolutionary, seeking out innovative solutions and models to meet diverse and shifting needs and demands as Milton Keynes continues to grow and change.

7. That a Regeneration Board be established to provide effective governance for the Programme.

8. That the Assistant Director (Housing), on the advice of the Board and in consultation with the portfolio holder and the Corporate Director Resources, be authorised to take all necessary steps to prepare an OBC as a basis for seeking Cabinet authority to tender for the procurement of a strategic partnership/s to enable the achievement of the objectives outlined above.

C12 PROVISIONAL OUTTURN 2011/212 REVENUE BUDGET AND CAPITAL PROGRAMME

The Cabinet considered a report that advised the outturn position for the General Fund; Housing Revenue Account (HRA) and Dedicated Schools Grant.

RESOLVED -

1. That the overall outturn position be noted.
2. That the overall General Fund revenue position (an underspend of £0.282m), be noted.
3. That two new reserves anticipating potential future liabilities be established.
4. That the outturn and funding position for the Capital Programme 2011/12 be noted.
5. That the treasury activity during the year and outturn report, be noted.
6. That a write off of £178,184.66, be approved.

C13 CAPITAL PROGRAMME REVISIONS AND SPEND APPROVALS

The Cabinet considered revisions to the Capital Programme and Spend Approvals Report

RESOLVED -

1. That the resource allocation and spend approval for additions to the Capital Programme 2012/13, previously agreed by Delegated Decisions on 25 April and 9 May 2012, be noted.
2. That the amended resource allocation and spend approvals for the Capital Programme 2012/13, be approved.
3. That the funding position for the Capital Programme 2012/13 be noted.

C14 CORPORATE PROJECT DASHBOARD

The Cabinet considered the Corporate Project Dashboard giving a summary of the performance of various management projects.

The Cabinet heard comments from other Members of the Council during consideration of this item.

It was requested that a written explanation of the term “contractual compensation events” and the change in status of Item 4 (Wolverton Station) from green to amber /red be supplied to Cabinet.

RESOLVED -

1. That the Corporate Project Dashboard and supporting report be noted and the information used as a benchmark for further debate and discussion.
2. That individual Cabinet Members be invited to request further information, where required, on specific projects that may be causing concern within their portfolios and provide challenge to officers and updates to future Cabinet meetings.

C15 CORPORATE PERFORMANCE REPORT - QUARTER 4

The Cabinet considered a summary of the corporate and service performance for Quarter 4 of 2011/12. It was noted that in 2012/13 reporting would be against the Corporate Plan 2012-16 adopted by Council on 10 January 2012.

The Cabinet heard comments from other Members of the Council during consideration of this item.

RESOLVED -

That the corporate performance for Quarter 4 2011/12, be noted.

C16 POTENTIAL ACQUISITION OF THE FREEHOLD OF SAXON COURT OFFICES

The Cabinet considered the option to purchase the freehold of Saxon Court as the property had been unexpectedly placed on the market and the freehold acquisition represented better value for money for the taxpayer.

The Cabinet heard comments from other Members of the Council during consideration of this item.

RESOLVED -

1. That the public and press representatives be excluded from the meeting by virtue of Paragraph 3 (Information relating to the Financial or Business Affairs of the Authority) of Part I of Schedule 12A of the Local Government Act 1972, in order that the Annex to this item be considered.
2. That approval be given to the acquisition of the freehold interest in the Saxon Court office building.

C17 CABINET APPOINTMENTS 2012/13

The Cabinet considered appointments to various outside bodies and Cabinet Advisory groups.

The Cabinet heard comments from other Members of the Council during consideration of this item.

RESOLVED -

That the appointments to outside bodies and Cabinet Advisory groups as shown in the Annex attached to these Minutes be approved.

C18 CABINET PROCUREMENT COMMITTEE - 4 AND 17 APRIL 2012

RESOLVED -

That the Minutes of the meetings of the Cabinet Procurement Committee held on 4 and 17 April 2012 be noted.

THE CHAIR CLOSED THE MEETING AT 10.00. PM

MILTON KEYNES COUNCIL

ITEM 4[b]

Minutes of the extraordinary meeting of the CABINET held on WEDNESDAY 4 JULY 2012 at 6.00 pm

Present: Councillor A Geary (Chair)
Councillors Bald, Dransfield and Hopkins

Officers: N Fenwick (Assistant Director [Planning, Economy and Development]), M Kelly (Principal Solicitor), J Jones (Head of Portfolio Office), R Wilson (Development Plans Manager) and S Heap (Democratic Services Manager).

Apologies: Councillors Bint, Brock and P Geary

Also Present Councillors Bramall, Legg, McLean and C Williams

Members of the Public: 55

C19 DISCLOSURES OF INTEREST

Councillor A Geary disclosed his interest in Item 6 (Wind Turbine Supplementary Planning Document and Interim Policy).

C20 MEMBERS' QUESTIONS

Councillor Bramall asked Councillor A Geary (the Leader of the Council), if, bearing in mind the current concerns about two skate parks in the Borough, whether the Cabinet would consider instigating a review of the Council's Policy with regard to the provision of play areas.

Councillor A Geary indicated that the Council took the provision of play areas very seriously and recognised that, while play areas were a very important amenity, it was important that they were located in the correct places and did not cause a nuisance to residents.

Councillor A Geary also indicated that he thought that it would be appropriate for the Cabinet to consider a review of the Council's Policy with regard to play area provision, including its relationship with planning policy, with a view to requesting the Overview and Scrutiny Management Committee to progress the review and make recommendations to the Cabinet.

The Cabinet noted that this matter was already on the Overview and Scrutiny Management Committee's Work Programme.

(Councillor A Geary vacated the Chair and retired to the Public Gallery, Councillor Hopkins was Chair.)

C21 WIND TURBINE SUPPLEMENTARY PLANNING DOCUMENT AND INTERIM POLICY

The Cabinet considered a draft Wind Turbines Supplementary Planning Document and Emerging Policy: Wind Turbines Planning Applications document.

The Cabinet noted that the document introduced separation distances between wind turbines and dwellings and that it had been updated to reflect the change to national planning policy.

The Cabinet recognised that the Supplementary Planning Document and Emerging Policy document would supplement Policy D5 of the Adopted Local Plan and be a material consideration in the determination of future wind turbine planning applications by the Council, but it would not carry the same weight as planning policy.

It was reported that the Supplementary Planning Document and Emerging Policy had been subject to extensive consultation, including with parish councils, the wind turbine industry and culminated with a workshop for all Members of the Council.

The Cabinet noted that if it was not to adopt the Supplementary Planning Document and Emerging Policy the guidance contained therein would not be a material consideration in the determination of planning applications.

Other options discussed by the Cabinet included deferring consideration of the Supplementary Planning Document and Emerging Policy to allow any further suggested amendments to be incorporated, or not adopting the Supplementary Planning Document and Emerging Policy in favour of preparing a formal policy as part of a Development Plan Document in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012.

The Cabinet also considered the possibility of adopting the Supplementary Planning Document and Emerging Policy, together with agreeing to prepare a formal policy as part of a Development Plan Document. However, it was considered that work on a formal policy as part of a Development Plan Document would be better considered in light of the outcome of the Core Strategy Examination in Public.

The Cabinet also received a copy of a report by Ecosulis prepared on behalf of the Council which reviewed the Draft Wind Supplementary Planning Document, together with a letter from Eversheds Solicitors suggesting that it might undertake a legal challenge to the Supplementary Planning Document and Emerging Policy if adopted by the Council

In considering this matter the Cabinet heard from five members of the public, Councillor A Geary, together with Councillors Legg and Williams.

RESOLVED -

That the Wind Turbine Supplementary Planning Document and Emerging Policy: Wind Turbines Planning Applications document, be adopted.

(Councillor A Geary disclosed his interest in this Item and left the meeting after making a statement from the public gallery, taking no part in the discussion, or voting on the Item.)

THE CHAIR CLOSED THE MEETING AT 7:01 PM

ITEM **7(c)**

REFERRAL FROM ECONOMY, GROWTH & REGENERATION SELECT COMMITTEE – 3 JULY 2012

Localisation of Council Tax Benefit

The Economy, Growth & Regeneration Select Committee at its meeting held on 3 July 2012, considered the financial impact on the Council of localisation of Council Tax Benefit and the potential local schemes the Council is considering, together with the impact on households.

Based on the most recent DCLG consultation paper, the reduction in grants combined with its effect on the tax base now gives a financial pressure to the Council of between £2.8m and £3.5m. The DCLG was proposing to allow local authorities to amend council tax discounts and exemptions to effectively increase the tax base and therefore increase revenue. These reforms could potentially raise a maximum of £1.8m but could be considerably less once changes in behaviour and costs of collection have been included. An estimate of £800,000 raised has been assumed. The Council can only offset the implications of the funding reduction by introducing a Local Council Tax Support Policy.

Government had restricted local discretion in designing a scheme by requiring that the current level of support for pensioners must not be affected. Government also directed that there should be support for other vulnerable groups and that local schemes should support work incentives. Local authorities were therefore faced with a choice of either covering the funding gap by cutting other services or designing schemes that would significantly reduce benefits payments to people who are towards the bottom end of the income scale.

The Economy, Growth & Regeneration Select Committee noted that there were issues regarding the inability of the software to cope with complex changes to the scheme and requested an assurance that the Cabinet report on the support scheme would include a full risk analysis of the project.

The Committee considered that a number of proposals made may lead to a number of people being unable to pay, resulting in increased recovery costs to the Council. It further considered it important that any support scheme should ensure the safeguarding of vulnerable groups.

The Committee noted that option A, as set out in the report, was the only option that made up the £3.5m funding gap. The Committee commented that the proposals were complex and suggested that the Cabinet should consult on a preferred option and a range of other options that meet the funding gap, rather than a broad list of savings for residents to pick from.

RECOMMENDATION(S):

1. That the Cabinet should agree a preferred approach on how to meet the £3.5m funding gap and that the public should be consulted on the Cabinet's preferred option, together with a range of other options that meet the funding gap.

2. That the Localisation of Council Tax Benefit report, to be received by the Cabinet at its meeting on 17 October 2012, includes full details of the risks associated with the project.

3. That the Cabinet give an assurance that implementation of any of the proposals would safeguard vulnerable groups.

Wards Affected:

All Wards

ITEM **9**

CABINET

25 JULY 2012

MILTON KEYNES COUNCIL ENFORCEMENT POLICY

Author: Karen Ford, Head of Regulatory Unit, Tel: (01908) 252267

Executive Summary:

To comply with the law and set out how we will enforce legislation, the authority must publish an enforcement policy. This policy supersedes all previous published enforcement policies and coincides with the formation of the Regulatory Unit.

The proposed enforcement policy sets out how the services responsible for ensuring compliance and its officers will conduct themselves and how other parties can expect to be treated as we discharge our key duties. An enforcement policy is required by law, it is integral to our performance management and it could be challenged by defence solicitors looking to make headway due to alleged non-adherence to its provisions. This will be the first time the authority will have one overarching enforcement policy covering all regulatory functions, if it is adopted.

Consultation was undertaken whereby an explanatory email was sent to all consultees together with a copy of the proposed policy. Responses were received from just a few stakeholders and where appropriate suggested amendments have been included in the final draft. (Annex).

1. Recommendation(s)

That Milton Keynes Council Enforcement policy be recommended to be adopted for all relevant council regulatory functions.

2. Issues

2.1 Cabinet must be satisfied that the revised policy takes account of issues such as recent legislative changes, that it covers the breadth of council regulatory functions, that it is proportionate and that it does not infringe legislation such as the Human Rights Act 1998.

2.2 Currently there are a number of enforcement policies across the authority but no one overriding policy.

2.3 By law, the authority has a duty to have regard to the Regulators' Compliance Code and must take into account the Code's provisions when developing policy.

2.4 The compliance areas covered by the regulatory code of practice include the enforcement functions carried out by Education Welfare Officers, Housing Officers, Transport & Highways Officers, as well as all officers in the Regulatory Unit.

2.5 A full 12 week consultation was undertaken with relevant officers, regulatory partners, ward members and parish/town councils along with private sector partners who are commonly in contact with the service. Responses were received from all categories of stakeholder and where possible have been included in the final draft.

2.6 The policy was taken to and agreed as relevant to their compliance areas:

Regulatory Committee – 27 June 2012
Licensing Committee – 27 June 2012
Development Control Committee – 12 July 2012

An amendment was proposed by the Development Control Committee to include in section 6 of the policy the enforcement actions available to the planning enforcement officers. Following the meeting liaison took place with officers who advised that the enforcement actions available to planning enforcement are already listed in the policy so no amendments are necessary.

3. Options

3.1 The one alternative option is to keep the current disparate number of enforcement policies already in place for the service areas, though many of these have not been consulted on, have not been seen by Cabinet for approval and are not published.

This approach is not recommended as the policy should apply to the council as a whole and not differing policies for different enforcement areas because the overriding principles are the same. Furthermore, many of the other policies are not fully compliant with the legal requirements set out in the Regulatory Compliance Code.

4. Implications

4.1 Policy

The current Regulatory Services Enforcement Policy has been adapted to ensure it includes within its scope other enforcement policy requirements and functions.

4.2 Resources and Risk

There are no resource implications to agree this new policy, however, if the current enforcement policies are not fit for purpose, prosecution cases may be lost on a technicality and costs will have been incurred by Milton Keynes Council up to the point of the investigation folding.

N	Capital	Y	Revenue	N	Accommodation
N	IT	N	Medium Term Plan	N	Asset Management

4.3 Carbon and Energy Management

It is not anticipated that the proposals will impact on the Carbon and Energy Management Policy.

4.4 Legal

By virtue of the Regulatory Enforcement and Sanctions Act 2008, Legislative and Regulatory Reform Act 2006, and the Legislative and Regulatory Reform (Regulatory Functions) Order 2007 (as amended), the Regulators' Compliance Code was issued with parliamentary approval and specified regulators must have regard to the code when determining policies, setting standards, or giving guidance in relation to their duties.

As well as the enforcement functions normally carried out by trading standards and environmental heath, the Order includes the local authority functions carried out under Part 2 of the Children and Young Persons Act 1963, the Housing Acts of 1985, 1996 and 2004, the Anti-social Behaviour Act 2003, as well as the Road Traffic Act 1988 and Transport Act 1981.

4.5 Other Implications

An enforcement policy which is incompatible with key legislation such as the Human Rights Act 1998 could leave the council open to the challenge that their conduct is in breach of such legislation, which may result in formal proceedings being struck out.

This obviously has associated consequences not just in terms of costs for failed proceedings but also in terms of damage to council reputation and the likely corresponding adverse coverage in the media.

Complete the boxes at the end of this section to indicate with a 'Y' if there are any implications and an 'N' if not. Where a 'Y' has been entered the implications should be addressed in the text.

Y	Equalities/Diversity	N	Sustainability	Y	Human Rights
N	E-Government	N	Stakeholders	Y	Crime and Disorder

Background Papers: ANNEX – Milton Keynes Council enforcement policy

Enforcement Policy

Contents

1. Introduction

Milton Keynes Council functions as a regulator and enforcement agency with a wide range of legal powers and duties enabled through legislation. The authority has an essential role in the safeguarding of children, protection of the environment, health, safety and interests of residents, visitors and businesses within and where relevant, outside of Milton Keynes.

This enforcement policy was produced through consultation with all relevant stakeholders and is designed to ensure a consistent, fair, proportionate and effective approach to regulatory inspection and enforcement.

2. Aims

The council's aim is to undertake its regulatory and enforcement role in an impartial, open and consistent manner. This is achieved through education, mediation, advice, inspections, monitoring and by regulating the activities of individuals, families, businesses and other trading entities as necessary. Securing compliance through the use of enforcement powers and sanctions, including prosecution is sometimes a necessary means to achieving this outcome. In doing this, Milton Keynes Council enforcement officers will act in accordance with the guidance and standards set out in this policy. In particular Milton Keynes council will:

- Work with individuals, families and businesses to help them to comply with their legal responsibilities and obligations
- Undertake fair and effective enforcement activities
- Robustly challenge the actions of individuals that negatively affect the community

- Liaise and co-operate closely with partner agencies to ensure the most appropriate and proportionate action is taken in each case
- Ensure enforcement staff are competent, appropriately trained and apply this policy and its principles professionally and consistently
- Make information about this policy widely available to the public and businesses within and outside Milton Keynes
- Monitor compliance with the policy and review it on an annual basis in consultation with relevant stakeholders
- Act in accordance with the Government Enforcement Concordat, Code for Crown Prosecutors and where relevant, the Regulators' Compliance Code.
- Have regard to other council policies and procedures that sit underneath this overarching policy

A further aim of this policy is to ensure that Milton Keynes Council can tackle the needs of individual communities by engaging with them, identifying issues of particular importance to them and using enforcement sanctions appropriately to bring about compliance. This approach will provide swift resolution to community problems through the use of intelligence and effective community engagement.

3. Scope

This policy applies to all of the enforcement functions carried out by Milton Keynes Council. It supports and supplements existing, specific guidance on enforcement action contained in the statutory code of practice for regulators and other statutory codes of practice, relevant guidance documents and guidelines issued by other government departments and other bodies. Due consideration will be given to any other enforcement policy or scheme such as the Primary Authority Principle, where relevant.

4. General Principles of Enforcement

Any decision regarding enforcement action will be taken on the merits of each case, be impartial, objective and will not be affected by race, disability, socio-economic factors, age, politics, gender, sexual orientation or religious beliefs of any council employee, offender, victim or witness. However, where a victim has been targeted by an offender by virtue of their status, for example ethnicity or where the perpetrator is young or vulnerable, consideration will be given to this when deciding on any course of action.

A copy of our equality and diversity policy can be found on our website: Equalities Policy and may also be obtained by applying in writing to: Corporate Equalities & Diversity Officer, Milton Keynes Council, Civic Offices, 1 Saxon Gate East, Milton Keynes, MK9 3EJ.

Where appropriate, we will seek to achieve compliance through early engagement, mediation, education and advice. Where this is not deemed by officers as the most appropriate route, their decisions will be recorded and justified.

5. Referrals / Service Requests etc

Complaints which may result in enforcement action against a business, individual or family will be brought to their attention as soon as practicable. During the process of taking any enforcement action any significant complainant or witness will be notified of progress on a regular basis and of any new information which may affect the outcome. In circumstances where notifying any party could impede enforcement action, notification will not take place until those circumstances no longer exist.

6. Enforcement actions

The following sanctions are available to the council:

- Informal warnings
- Fixed / Variable Penalty / Monetary Notices
- Refusal, revocation or suspension of licence
- Statutory Notices
- Stop / Prohibition Notices
- Simple Cautions
- Undertakings / Injunctive Proceedings
- Prosecution
- Confiscation / Forfeiture

Any sanctions and penalties imposed will be consistent, balanced, fairly implemented and relate to common standards which ensure that individual safety and welfare, public safety, financial security, or the environment is adequately protected. Where it is clear that jurisdiction for enforcing any matter or imposing any form of sanction rests with another regulator, the matter will be passed across to them accordingly; however this will not preclude an investigation from taking place to ascertain relevant facts. The aim of using sanctions and penalties is to:

- Protect the public and businesses from harm
- Stop the infringing conduct immediately
- Change the behaviour of the offender
- Deter future non-compliance and reassure the community
- Restore the harm caused by regulatory non-compliance
- Eliminate any financial gain or benefit from non-compliance
- Be proportionate to the nature of the offence and the harm, or risk of harm caused and with consideration as to the public stigma that might come with receiving a criminal conviction

In deciding which sanction is appropriate, the service will have particular regard to the following criteria:

- Whether the breach was pre-meditated or committed deliberately or recklessly, or without due diligence;
- Whether there are any prior complaints and convictions or other information relevant to the individual, family, business or trader’s history;

- Inadequate mitigation or explanation given by the individual, family, business or trader. Also, the individual, family, business or trader's attitude and in particular, whether they were obstructive or co-operative;
- The prevalence of the type of breach and whether a particular sanction could act as a deterrent and encourage compliance generally;
- The effect of the breach on the victim or affected person, in particular where the victim or affected person is in some way vulnerable or the infringement resulted in death or serious injury.

7. Recovery of costs

Where appropriate, the council will seek to recover all costs incurred in carrying out any proceedings (including staff time) from relevant parties to ensure that the financial burden of the infringement is not borne by the authority and ultimately the tax-payer.

8. Enforcement policy implementation

Scheduled internal quality audits will be undertaken to ensure that all enforcement activity is carried out in accordance with this policy. Significant instances of non-compliance with this policy will be recorded, reported to the Assistant Director and appropriate action instigated.

Complaints about our service will be addressed through our corporate complaints procedure, which can be found on our website: Complaints and may also be obtained by applying in writing to: Milton Keynes Council, Civic Offices, 1 Saxon Gate East, Milton Keynes, MK9 3EJ.

Wards Affected: Stony Stratford

ITEM 10

CABINET

25 JULY 2012

INTEGRATION OF THE ROWANS AND RUSSELL STREET DAY NURSERIES

Author: Gail Tolley, Corporate Director, Tel: 01908 254062

Executive Summary:

Milton Keynes Council had to cease operation of a 22 place day nursery at Russell Street due to serious building condition issues. As a result the provision was temporarily relocated in December 2010 to The Rowans Children Centre where it has been accommodated alongside the existing Milton Keynes Council operated 48 place day nursery located within the children's centre.

Following a period of further and detailed consideration, this report recommends the integration of both day nurseries to be based at The Rowans Children's Centre. This move should secure the current level of high quality childcare within the area as well as achieve greater economies of scale which will reduce the level of financial subsidy required from Milton Keynes Council.

1. Recommendation

1.1 That the integration of day nursery provision at The Rowans and Russell Street within The Rowans Children's Centre building from September 2012, be agreed.

2. Background

2.1 These two day nurseries had been operating independently from Fullers Slade (The Rowans Children's Centre) and Stony Stratford (Russell Street) sites prior to serious condition issues with the Russell Street building which necessitated its vacation in December 2010. The most appropriate immediate solution was to transfer the day nursery at Russell Street to The Rowans Children's Centre.

2.2 This arrangement has continued with the two day nurseries operating separately but within the same building. Maintaining two organisations has impacted on their viability, with relatively high staffing costs and overheads requiring a subsidy from Milton Keynes Council of £137k in 2011/12.

2.3 It is recognised that a longer term solution is now needed to secure the future of this provision, reducing the operating cost whilst maintaining the current level of high quality childcare available in the area.

2.4 Following the report to Cabinet on 15 February 2011 it was agreed that prior to any decision on the integration of the two nurseries, further discussion between Milton Keynes Council and the users of the Russell Street day nursery should take place in an attempt to identify the costs of bringing the building up to the required standard and consider the viability of maintaining the day nursery provision at Russell Street.

2.5 As part of the wider day nursery consultation programme conducted by Milton Keynes Council (commencing in April 2011) activity has taken place to consider the future options for the day nurseries at Russell Street and The Rowans Children's Centre. Parents, carers and staff have been offered the opportunity to contribute during consultation meetings, through questionnaires or through representation at council meetings. Through this process it was clear that parents and carers of children who had been attending the day nursery at Russell Street wanted to see it return to the immediate area and continue to be operated by the council. The relevant ward councillors have also been kept up to date as to progress and views sought.

2.6 Further work has taken place to assess the feasibility of renewing the facilities at Russell Street. Reports indicate that an investment programme of £185k would be required to bring the existing building at Russell Street up to an acceptable standard to meet Ofsted requirements and enable five further years of use. In addition, additional maintenance costs can be anticipated. Alternatively, the demolition and replacement of the building at Russell Street with a modern equivalent is indicated to cost in the region of £378k and would take significant period of time to complete. There is no provision made within the current capital programme and, given the relatively small scale of the day nursery operation at Russell Street the return on investment would be limited to a relatively small number of beneficiaries.

2.7 Officers have also researched other potential sites (York House, Stony Stratford Play Centre and the local library) with regard to full day care provision in Stony Stratford. However, all such options to date have been considered as unsuitable as they have failed to meet Ofsted requirements and appropriateness to deliver the Early Years Foundation Stage.

2.8 During this period, full time equivalent (FTE) occupancy levels have fluctuated as a result of a number of factors including the introduction of 15 hours of free nursery education for three and four year olds and the complex interaction between the sessional and full day care. Uncertainty over the future will have also had an impact and as a result full time equivalent occupancy levels have reduced at both nurseries. Integration offers the opportunity to rebuild confidence in the future of the local day nursery provision and increase take up.

	Overall FTE occupancy	
	2010/11	2011/12
Day nursery at The Rowans Children's Centre	48%	34%
Day nursery at Russell Street	81%	45%

3. Alternative Options

3.1 Milton Keynes Council could close both the day nurseries. This would remove the financial subsidy (£137k in 2011/12). This option is not recommended as it would have an adverse impact on the availability of childcare in the local area now and into the future. Furthermore, the removal of childcare from The Rowans Children's Centre may leave the local authority liable to make a capital repayment to the Department of Education (the funder of the facility).

3.2 Milton Keynes Council could continue to operate the day nurseries as separate organisations within the same building. This would require an ongoing financial subsidy around or at the level of 2011/12. This option is not recommended as it is inefficient and does not offer value for money.

3.3 Milton Keynes Council could replace (or refurbish) the building at Russell Street. This option is not recommended due to the prohibitively high costs. Furthermore, the potential economics of scale that can be achieved through the operation of a single day nursery servicing the area would not be realised.

4. Implications

4.1 Policy

4.1.1 The proposed integration of day nursery provision will not destabilise the local childcare marketplace as it does not impact on the availability of provision from that currently offered. If agreed, following integration a review will be required to ensure that operating procedures and the staffing model in place are appropriate.

4.2 Resources and Risk

4.2.1 One-off financial resources may be required to cover any redundancies following the proposed integration and the costs of project delivery, both of which will be supported by the strategic restructuring fund. Restructuring activity would seek to retain a high quality leadership team with any redundancies minimised by releasing agency staff (seven FTE at the present time).

4.2.2 Milton Keynes Council is currently considering the retender of the contract for the operation of The Rowans Children's Centre. The current contract to operate the Children's Centre (excluding the day nursery) expires in March 2013. An additional risk, should the day nursery integration not proceed is that this may impact on the ability of Milton Keynes Council to include the operation of single, viable day nursery into the contract.

4.2.3 The proposed integration would be monitored and controlled by using appropriate project and risk management processes.

Y	Capital	Y	Revenue	Y	Accommodation
N	IT	N	Medium Term Plan	N	Asset Management

4.3 Carbon and energy management

4.3.1 No implications.

4.4 Legal

4.4.1 The proposed integration of the day nursery provision would not involve TUPE or any external building lease implications.

4.5 Other implications

4.5.1 If agreed, the proposed integration of the day nursery provision will bring forward a number of other linked issues for consideration, including options for the removal and disposal of building and land, future arrangements for the occupier of the remaining element of the building at Russell Street (Hobbyhorse Pre School). These issues will be addressed through the project management arrangements put in place should the recommendation be agreed.

4.5.2 In addition, Milton Keynes Council will need to continue to follow the progress of the Russell Street Parents Association who have secured Section 106 funding to explore a potential future location and initial funding for alternative full day care provision within Stony Stratford.

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	Y	Stakeholders	N	Crime and Disorder

Background Papers: Cabinet Report of 15 February 2011

Wards Affected:

All Wards.

ITEM 11

CABINET

25 JULY 2012

Closure of Housing Offices

Author: Linda Ellen, Head of Housing Management Tel: (01908) 253498

Executive Summary:

In June 2012 a report recommending closure of the housing offices at West Bletchley, Netherfield and the Lakes Estate was considered by Cabinet.

As a result of this further information has been requested around the adequacy of the systems in place for handling customer enquiries.

This report sets out the methods of working, how this has been tested and evaluated together with analysis of customer complaints since transformation of the service began in February 2011.

1. **Recommendation(s)**

1.1 That the adequacy of the systems in place for handling customer enquiries within the housing management service be noted.

2. **Issues**

2.1 During the period 2008 – 2011 a number of key housing processes and procedures were reviewed which highlighted many areas where improvements to service delivery could be made.

2.2 Mapping was also carried out to identify the number of enquiries received, how and where they were received, the nature of the enquiry and the geographic area they were coming from.

2.3 This data showed that customers were not always receiving a good service and were often experiencing long delays waiting for enquiries to be dealt with. There were a lot of hand offs and resources were not aligned to demand.

2.4 In response to this during February 2011 the housing management service began testing a number of models aimed at delivering a more streamlined, customer focused service.

2.5 The initial pilot involved a group of staff dealing with customers living in the north of the borough covering approximately 43% of the housing stock, spread across a variety of locations. This volume together with the diverse nature of the stock and range of locations provided an excellent opportunity to trial different methods.

2.6 During this test we moved away from patch based officers responding to estate based enquiries to a system where work was allocated according to the next available appointment.

2.7 Telephone enquiries were handled by a dedicated team of Housing Assistants who were able to resolve 85% of the demand at the initial point of contact. This was possible due to the routine nature of many of the enquiries combined with the specialist knowledge acquired by the team over a period of time. For those more complex cases an appointment would be arranged at a time and place convenient to the customer, usually at home. There was never a need for customers to come to visit offices in Central Milton Keynes.

2.8 These changes immediately led to a reduction in the time customers had to wait to see an officer from on average two weeks to between one and three days.

2.9 Due to the sensitive and confidential nature of debt management and the need to build good relationships we continued to operate patches for income collection. We also recognised the importance of having local knowledge so allocated a Housing Officer to work with each Residents Association.

2.10 Control measures were put in place during the test to ensure the new methods were providing a better, more responsive service. For example some Housing Officers reverted to working within a clearly defined patch so that these outcomes could be compared to non patch based working. The response times for those operating within a patch rose from an average 3.5 days to 6.8 days. It was, therefore, decided to continue with patchless working only.

2.11 A variety of contact methods were also tested which identified that letters were not usually very effective when compared to direct contact by telephone or home visit. This approach also allowed the opportunity to explore a range of issues with customers rather than just the presenting enquiry.

2.12 The pilot in the north was widened out to all area teams between April and June 2011 to see if the service were able to continue to provide an improved response to customers with the increased volume of enquiries. The results confirmed that by working in this way we were able to deal with customer demand far more quickly. At the end of June 2011 a number of staff were moved to different locations to ensure the right balance of resources. All area offices remained open to visitors.

2.13 The new way of working met many of the aspirations of public access transformation such as resolving enquiries at the first point of contact. This remains one of the Council’s key corporate priorities

2.14 Since June 2011 we have continued to develop the service by responding to customer feedback, testing new ideas and evaluating outcomes. The service handles on average 5000 telephone calls a month and carries out approximately 500 home visits

2.15 Since April 2012 we have been using Survey Monkey to obtain feedback on the service and ideas where improvements could be made. A total of 123 customers have been contacted and of these 51 have given feedback. The results show that 45 of these (88%) were either very satisfied or satisfied with the service, 3 (6%) were neither satisfied or dissatisfied and a further 3 (6%) were either dissatisfied or very dissatisfied. 48 customers (94%) reported that their enquiry was dealt with politely and 42 (82%) said that it was resolved fully at first contact. Of the 9 cases where immediate resolution was not possible, 4 (37%) had a repairs enquiry, 2 (25%) requested a home visit which we were able to arrange, 2 (25%) wanted to speak to another department within the council and the remaining 1 wanted further information.

2.16 Although satisfaction levels are fairly high there have been problems with some aspects of the service which have led to complaints. These include concerns about calls being taken in one area office, customers unable to get through on the telephone, tenants wanting to speak to a specific Housing Officer and late arrival at home visits (9%).

2.17 Staff have also on occasions used the greeting 'West Bletchley Housing Office' when answering telephone calls rather than the more generic 'Housing Services'. This can be confusing for customers although it does not matter where calls are taken as the focus is on being able to resolve the enquiry quickly and effectively.

2.18 Our capacity to answer calls promptly continues to be affected by running two systems at the same time, old and new, meaning that some calls have been diverted to an answering service. Vacancies were held whilst systems were tested and as a result have now filled three vacant posts.

2.19 A significant proportion of calls were also identified as being not housing related. By working with colleagues across the Council we have been able to improve the voice recognition service and ensure that calls are now directed to the correct service. This has resulted in a reduction in the total number of calls from 6000 a month at the beginning of the year to 5000 by May 2012.

2.20 In addition to the issues identified in 2.16 the current office arrangements have also contributed to some of the complaints received. For example there have been occasions where officers have been unable to leave the office to attend appointments due to the staffing levels required to keep them open.

2.21 By regularly reviewing feedback from customers the service continues to evolve with improvements continually being implemented. Very recently we decided that Housing Officers will work in teams of five across a number of named estates. This will provide additional local expertise and greater consistency to residents as well as ensuring visits can be grouped together making the best use of resources.

2.22 During the early test period we were keen to offer specific timed appointments to those customers we were visiting. What we have learnt is that people are generally happy to have either a morning or afternoon appointment slot so this approach will be adopted in future. This will provide greater flexibility and allow officers to stay as long as necessary to resolve complex issues. Appointments will continue to be offered at a specific time if requested.

2.23 Whilst working from four local offices the service is unable to fully implement all improvements as constraints around staffing levels make it impossible to focus on priority work. The total number of Housing Officer hours available a week equates to 884. Of these 159 hours (18% of their time) is spent providing a duty service to visitors coming in to the housing offices. This time could be better used for carrying out home visits, dealing with income collection or estate management issues. If closure of the offices at Netherfield, West Bletchley and Lakes is agreed only 37 hours a week would need to be dedicated to duty in the future.

2.24 In July 2011 a presentation was given to the Milton Keynes Council Tenant Group to advise them of the new arrangements. At that time lots of concerns were expressed which we took on board as part of the continuous improvement. A further update was provided to the same group in April 2012 where no concerns were expressed.

Management test of the system to confirm adequacy

During the period 4th – 6th July 2012 a total of 34 calls were made to the housing service to test adequacy and identify any issues. Feedback from Cabinet was taken on board with some questions being framed around the concerns that had been raised. A total of 20 calls were made by tenants and a further 14 by staff with some enquiries being of a routine nature and others more complex.

Questions and topics included:-

- How can I make a rent payment?
- What day is rubbish collected from Netherfield?
- Can I speak to my Housing Officer – I have a confidential issue I need to discuss
- I am separating from my partner and have a joint tenancy
- I am suffering domestic violence
- I want to put a new kitchen in my property – what is the process?
- I have been served a Notice to Quit – what does this mean?
- I am concerned about living in a high rise block of flats
- I want to move to Milton Keynes from Birmingham
- Who is my local Councillor?
- My neighbours fence has fallen down – can you replace it?
- My neighbours are always making lots of noise, can you make them stop?

The results are set out in Appendix A but show that the majority of callers (73%) rated the overall response as 4 or above (out of 5). No call received a rating of below 3.

Some callers were unable to get through straight away although some of these were outside of office hours. Others were over the lunch time period so we will now use this information to identify trends and see whether there is a need to increase resources at particular times of the day.

3. Alternative Options

3.1 These remain as reported to Cabinet in June 2012

4. Implications

4.1 Policy

This remains as reported to Cabinet in June 2012

4.2 Resources and Risk

These remain as reported to Cabinet in June 2012

Y	Capital	Y	Revenue	Y	Accommodation
Y	IT	Y	Medium Term Plan	Y	Asset Management

4.3 Carbon and Energy Management

This remains as reported to Cabinet in June 2012

4.4 Legal

This remains as reported to Cabinet in June 2012

4.5 Other Implications

This remains as reported to Cabinet in June 2012

	Equalities/Diversity	Y	Sustainability	N	Human Rights
Y	E-Government	Y	Stakeholders	N	Crime and Disorder

Background Papers:	Delegated Decision report 31st January 2011
	Changing the housing service consultation document
	Closure of housing offices Cabinet report June 2012
	Equalities Impact Assessment

Summary data		
Headline information		
Number of scenarios attempted		34
Number of calls made		55
Answered calls		29
Unanswered calls - able to leave message		26
Aborted calls		5
initial Greeting		
Average number of rings taken to answer calls		2.41
How were you greeted	Greeting given	27
	name of service given	21
	Name of office given	2
	Gave own name	6
	said How can I help you	19
	none of the above	1
Handling your enquiry		
What staff member did	enquiry dealt with	18
	enquiry not dealt with	6
	put on hold for further info	4
If staff member unable to answer query	calls transferred	1
	asked to call back later	0
	offered to call back later with correct information	1
	asked to put it in writing	1
Transferred calls		
Did the new member of staff	Greeting given	1
	Gave own name	0
	said How can I help you	1
	none of the above	0
Was your query explained	Enquiry explained	1
	Enquirey had to be explained again	0
General Information		
Overall impression	disinterested	1
	generally wanted to help	19
	appeared mechanical	5
	came across as professional	14
	used jargon	2
	did all that was necessary	16
	member of staff was rude	0
	quick and efficient	17
	treated with respect	22
Able to hear clearly	yes	27
	no	
End of the call	staff member checked call answered satisfactory	9
	asked for contact details	1
	asked if they could help with anything else	7
	said thank-you	22
	said goodbye	23
	said nothing	0
Rating	Poor 1	
	2	
	3	4
	3.5	4
	4	9
	4.5	1
	Good 5	11

Staff calls	14
tenant calls	20

Wards Affected: Emerson Valley, Walton Park, Middleton, Stony Stratford, Linford South, Bradwell, Denbigh, Whaddon, Woughton, Loughton Park, Eaton Manor, Furzton, Campbell Park, Wolverton

ITEM 12

CABINET

25 JULY 2012

Grid Road Street Lighting

Author: Andrew Jackman, Interim Head of Highways, Tel: (01908) 252531

Executive Summary:

At Council in February 2011 a decision was taken as part of the necessary budget reduction measures for the 2011/12 financial year to turn off 6000 of the 7100 grid road lights. In May 2011 a review of the impact of this decision was carried out and as a result a revised proposal was agreed through a delegated decision in September 2011 whereby only 2700 grid road street lights were switched off, the remaining 3300 were upgraded to enable energy savings to be achieved through "dimming and trimming".

The 2700 switched off were at different locations on the grid road network but specifically excluded street lights at roundabouts, junctions and bus stops or which illuminated Redways.

Following an exchange of letters with the Coroner, arising from a recent inquest, a review of the criteria applied in determining which street lights should be switched off has been undertaken by officers and has concluded that the original criteria had merit and have been beneficial in minimising the resulting risk to night time users of the grid roads. However, the report has identified a lack of understanding within the UK about the potential impact of alternating 'lit' and 'unlit' sections of road. Taking account of the unusual characteristics of the Milton Keynes grid road system, which allows vehicles to travel at relatively high speeds (leading to longer 'stopping distances'), the report recommends – on a precautionary basis – revised criteria for determining which sections of grid road street lights should be switched off. These criteria are set out at the Annex of the report.

If these criteria are adopted, only 2 sections of the grid road system would be left unlit. Through bringing forward about £0.9m of the planned investment in highways infrastructure (see separate report on this agenda) to upgrade grid road streetlights to incorporate energy reduction measures and to replace steel columns with advanced structural deterioration, the revenue cost of switching back on the bulk of the grid road street lights would be limited to £97,000 in the current financial year and £85,000 in subsequent years.

1. Recommendation(s)

1.1 That the revised criterion for the switching off of grid road lights be approved.

1.2 That it be noted that as a result of the new criteria only two sections of the current grid road system will have the street lighting not illuminated.

1.3 That the illumination of the grid roads on those sections of the network that do not meet the new criteria be approved and that this be completed by the end of September 2012.

1.4 That the 2012/13 Capital Programme budget of £865,000 for street lighting to enable the subsequent dimming and trimming of the columns which have been switched back on, be approved.

1.5 That the Corporate Director, Resources, be invited to identify compensatory savings to offset the in-year financial pressure of £97,000.

2. Grid Road Street Light Review

2.1 The city fathers' vision of full segregation of vulnerable road users and vehicles through the creation of the Redway system has only partially been achieved. There is significant use of the grid roads at night by vulnerable road users particularly along the urban sections where streetlighting would be beneficial in reducing the degree of injury they might sustain in an accident.

2.2 The ability of drivers to see a vulnerable road user at night on the grid roads is being impaired by the rapid alternation of 'lit' and 'unlit' sections. This particular problem was highlighted during the course of two recent inquests. Investigation of the police recorded injury accident data indicates that there has been a 30% increase in night time accidents on those sections of road not fully lit. However the problems with partial street lighting are not unique to Milton Keynes and understanding of the issues is not widely understood within highway engineering.

2.3 The decision to switch off a proportion of the grid road street lights was one of a number of difficult cost saving measures the Council had to make in early 2011. The key cost saving arose from reduced energy usage. Since the original decision, other methods have been found to reduce the Council's energy usage through dimming and trimming of lanterns, and the use of more energy efficient lighting units such as in the borough's numerous subways which are being converted to LED lighting. It is therefore now possible to switch some of the grid road street lights back on without significantly increasing the council's energy consumption.

3. Proposals

3.1 Revised criteria have been developed to overcome in particular the issue identified from officers' investigations, and is shown in the Annex. The key change is to avoid the potential problem of alternating short sections of grid road that are 'lit' and 'unlit'. As a consequence only two sections of the grid road system would remain unlit:-

- A422 Monks Way between the petrol stations near Brickhill Street and Willen Road roundabout, 1150metres unlit.
- A422 Monks Way between Willen Roundabout and A509m 920 metres unlit.

It should be noted that both these sections of road are rural in character and that the A422 continues northwards towards Olney as the A509 and has no system of street lighting. As a check, the accident record for both these sections of roads for the last three years has been reviewed and neither has a any recorded injury accidents during the hours of darkness.

Another section of grid road the A421, between Magna Park and the borough boundary, was also identified as a candidate to remain unlit using the revised criteria but was rejected because of the poor injury accident record for this section of road.

3.2 To reduce the energy consumed as a result of turning back on 2597 of the 2700 street lights it is proposed that the lights be dimmed and trimmed and where possible the tubes/bulbs be replaced with lower energy units. However this will take at least until the spring of 2013 to implement with the volume of work involved and the need to follow the Council's procedures.

3.3 It is therefore proposed that in order to restore the grid road lighting as quickly as possible that initially they simply be switched back on. This would ensure that the grid road lighting (with the exception of the two sections described in 3.1) be fully lit be the end of September, in time for the winter.

4. Alternative Options Considered

4.1 Leave 2700 grid road lights unlit

Retaining the current status quo will not reduce the recorded accident record, as the accident trend would strongly suggest that the hours of darkness accidents, in particular involving vulnerable road users, will continue to be above average on the grid road links with partial lighting.

4.2 Pedestrian & Cycle Ban with 2700 grid road lights unlit

Similar issues to 4.1, and would be difficult for the Police to enforce. However more importantly taking into account the circumstances of the two fatal accidents that were the subject of the recent Inquests it would not have prevented the accidents occurring.

4.3 Reduced grid roads speed limit and with 2700 grid road lights left unlit

Although it is possible to reduce the grid road speed limit to 30 mph which might increase the chances of surviving an accident as a vulnerable road user, without either vigorous enforcement of the speed limit by the police, or the construction of extensive traffic calming features on the grid roads it is unlikely that vehicular speeds will reduce significantly in the long term to achieve the necessary outcome.

4.4 Reducing unlit period to Midnight to 06:00 hours
Whilst this would considerably reduce the energy used to light the grid roads, it should be noted that the two fatal accidents were after midnight, and it was clear from evidence given by witnesses at the two inquests that there is considerable use of the grid roads after midnight by local people.

5. Consultation

5.1 Thames Valley Police have been consulted over the revised criteria. *(Their comments are awaited and will be reported verbally to Cabinet.)*

6. **Implications**

6.1 Policy

Improving the safety for all road users is a key council policy. Restoration of the grid road lighting using the revised criterion will clearly assist in delivering this.

6.2 Risks

- Not applying the revised criteria might result in a continued risk of further road traffic accidents resulting in death or serious injury.
- Delaying the implementation of the switch on whilst the street lights are dimmed and trimmed will delay completion of the works during the highest risk period for night-time users of the grid roads.
- Delaying the works to the 2013/14 financial year will leave night time users of the grid road system at risk for at least a further 12 months and might result in further accidents where the absence of street lighting might be a contributory factor.

6.3 Financial Impact:

Resulting on off revenue costs

In 2012/13 of £31,164 to switch on the grid road lights and for the necessary checks to the equipment prior to re-energising which will be met through economies within the Highways & Transportation budget.

Consequential revenue pressures:

There will be significant efficiency savings within the street lighting budget over future years with the implementation of the dimming and trimming of MKC car parks, dimming & trimming the other 4400 grid road lights that were not switched off, fitting of LED's to underpasses, and dimming and trimming of the 2597 columns to be switched back on. However there will still be a resulting budgetary pressure of £97,000 in the current financial year and of £85,000 for subsequent years at current energy prices if this recommendation is approved.

Capital Costs

The 2597 columns to be dimmed and trimmed will cost £865,000. This includes an allowance for the need to replace a number of the columns which have corrosion problems on the section of them below ground level. It is suggested that this is funded in the current financial year from the Transport Infrastructure Investment to be considered on another report on this agenda.

Y	Capital	Y	Revenue		Accommodation

	IT	Y	Medium Term Plan	Y	Asset Management

6.4 Carbon and Energy Management

The scheme has been produced in accordance with the Council's carbon reduction policy. The increase in the carbon and energy used a result of restoring the lighting has been largely offset through the use of more efficient energy systems particularly in the boroughs extensive subway system

6.5 Legal

There is no legal requirement to provide street lighting in England and Wales. Section 97 of the Highways Act 1980 empowers a Highway Authority to provide lighting for any highway or proposed highway for which they are, or will be, the Highway Authority. District, Town and Parish Councils can also provide local lighting under the Public Health Act 1985 or the Parish Councils Act 1957, but need the consent of the Highway Authority to provide lighting on a highway.

In a case heard in 1921 (Sheppard v. Glossop Corporation) it was held that a street lighting authority has no duty to light the highway, even dangerous places on the highway, unless it has itself created the danger – for example by excavating the street and leaving an unlit hole. A street lighting authority acting under permissive powers is not therefore liable for accidents arising from a failure to light.

	Equalities/Diversity		Sustainability		Human Rights
	E-Government	Y	Stakeholders		Crime and Disorder

Background Papers:

1. Delegated decision of the 7th September 2012
2. Grid Road Street Lighting Switch Off – Technical Review June 2012
3. Exchange of letters with Coroner.

ITEM 12
Annex

Revised Criterion for determining grid road lights to be switched off

Lighting that shall remain lit

- **Roundabouts**
  Including ensuring that the Highways Code breaking distances to stop lines plus the normal queue length of traffic are illuminated

- **Redways**
  Where they are illuminated by backlight from the grid road lighting both sides of the grid road are also fully illuminated.

- **Junctions**
  Including illumination of 96 metres on both approaches.

- **Bus stops**

Unlit Gaps

- Between sections of grid road that are lit shall be no shorter than

Speed limit	*70mph*	*60mph*	*50mph*
Minimum unlit gap	*860m*	*640m*	*480m*

Partial Lighting

- Sections which are remaining lit shall have all lighting illuminated unless due to equipment faults.

Implementation Procedure

1. Any section of grid road lighting proposed to be switched off shall be subject to a risk assessment, & consultation with Thames Valley Police.
2. A DDR for the switch off (including the information from step1) shall be approved by the relevant Cabinet Portfolio Holder prior to the lights being turned off.
3. Following Switch off the road shall be driven in the hours of darkness during the period of the new moon by an experienced engineer to check for any unanticipated problems.
4. Accident data for the unlit sections and adjacent lit sections shall be reviewed on a six monthly cycle to check for accident trends.
5. Following any KSI accident on the unlit sections in the hours of darkness reported by the Police the circumstances of the accident shall be reviewed.

If issues are identified during steps 3 to 5 the decision to switch off shall be reviewed.

6. The street lighting shall remain in place, in an operable condition, for three years after switch off.

7. Authorisation for the final removal of the ‘redundant’ grid road lighting columns resulting from this procedure shall be subject to approval under the DDR system by the relevant Cabinet Portfolio Holder.

Wards Affected:
All Wards

ITEM **13**

CABINET

25 JULY 2012

East - West Rail - Joint Delivery Board

Author: Brian Matthews, Head of Transportation Services, Tel: (01908) 252064

Executive Summary:

The East-West Rail project seeks to re introduce passenger rail services between Bedford and Oxford utilising the current rail alignment. Presently services operate between Bedford and Bletchley. The new project will allow services to continue to Oxford and beyond and will include a link to Aylesbury and London via the Marylebone line.

The project has been promoted by a consortium made up of authorities along the route. This consortium has developed a preferred scheme which demonstrates a high return on investment.

In the Chancellor's autumn statement (2011) funding was provisionally set aside for the scheme (approx £270m), with full approval conditional on the promoters meeting two conditions. Firstly that the DfT would need to confirm the business case and secondly that a local contribution of up to £50m be sought. The make up and share of this contribution would be for local determination. A joint letter from consortium members has been issued to the DfT to confirm that the principle of raising a local contribution is supported and that best / reasonable endeavours will be made by all to secure the funding.

To support the delivery of the project a Member Joint Delivery Board has been established. Milton Keynes Council has been invited to join the board and allocate an elected member of the council to represent the authority.

A further announcement from government is anticipated in July 2012. This will possibly confirm that the project can proceed in the period 2014 to 2017, subject to planning conditions/ approvals being met.

1. Recommendation

1.1 That the progress with the East West Rail project which will see delivery of the western section linking Milton Keynes with Aylesbury, Oxford, Reading and Bedford be welcomed.

1.2 That the appropriate Cabinet Member be appointed to represent Milton Keynes Council on the newly established Joint Delivery Board.

1.3 That the project be highlighted within the forthcoming Local Investment Plan

2. **Issues**

2.1 East West Rail (EWR) is a major project to promote economic growth by establishing a strategic railway that will ultimately connect East Anglia with Central, Southern and Western England. It will be England's first major railway re-opening with much of the route existing as freight network or disused lines. The Western Section will link Aylesbury, Oxford and Reading with Bedford and Milton Keynes. The route is planned to be open by 2017 and will:

- Provide a strategic east-west route linking key centres of economic activity;
- Support local authorities' ambition for substantial economic growth based on the creation of new private sector jobs and the development of major areas of new housing;
- Provide a connection between existing radial routes out of London facilitating journeys without the need to interchange through London.

2.2 Much of the route already exists, some has been recently upgraded and a substantial element of the route between Oxford and Bicester is included in Chiltern Railways' Evergreen 3 project which is expected to be under construction during 2012/13. Platform 2A at Milton Keynes Station is a dedicated platform for EWR trains and was completed in 2008 as part of the West Coast Mainline improvements; thus much of the infrastructure required to operate EWR trains is already in place.

2.3 The project has been driven forward by the East West Rail Consortium: a partnership of local authorities, rail operators and Network Rail. The officer board, with officer representative from all authorities along the route have managed the development of the scheme.

(The consortium includes; MKC; Buckinghamshire CC; Aylesbury Vale DC; Cherwell DC; Oxfordshire CC; Central Bedfordshire UA and Bedford Borough Council. In addition The board has representation from Network Rail; DfT and Chiltern rail),

2.4 The scheme was announced within the autumn statement by the Chancellor of the Exchequer in November 2011. His statement identified that EWR funding of £270 million would be made available providing that the promoter of the scheme, the EWR Consortium, met two conditions.

- A strong business case for the route and the case developed by the promoter along with the DfT and Network Rail were accepted as robust.
- A commitment by local authorities along the route to contribute to the cost;

The first condition has been largely met with the business case being seen as robust and delivering an excellent economic return. This is measured through a benefit to cost ratio (BCR), the measured BCR is in excess of 6. This means that for every £1 invested the return is calculated at £6.

2.5 A letter from all consortium members including Milton Keynes was sent to Department for Transport in April 2012. This gave an undertaking in principle to use best and reasonable endeavours to seek a combined local contribution up to £50m over a 15 year period. It is important to note that the source and timing of each authority's share of this funding is yet to be determined. Detailed work is about to start to determine potential ways forward for calculating amount and timing from each authority. Any firm commitment by MKC will require future formal decisions in line with the council's regulations and orders.

2.6 A Joint Delivery Board has been established to ensure that members from all authorities on the route can contribute to scheme's development. The role of the board is to ensure that the interest of all consortium members authorities are considered within the delivery of the project.

Each authority has one place on the board with the member representation determined by the authority. The board has held an initial meeting and developed a draft set of Terms of Reference. These ToRs are available as a background paper. The next meeting of the board is in early September.

3. Implications

3.1 Policy

The Local Transport Plan (3) and the Core Strategy support the delivery of East West rail identifying it as contributing to the growth and development of Milton Keynes.

The Milton Keynes Local Investment Plan (LIP) is the document which sets out future investment priorities for the authority. It is therefore recommended that the E-W rail project features within the emerging LIP. Previous versions of the LIP has consistently included E-W rail as a priority.

3.2 Resources and Risk

The project will naturally raise issues from the local community and therefore the council have to be mindful and receptive to any concerns raised. The project delivery team are aware of this and are developing strong communication plans with a commitment to provide information tailored to each authority area.

The project will require suitable permissions and the project team are assessing the appropriate planning processes that will be followed. This will involve local consultations with the probability of future planning inquiries.

The project is expected to cost £270m in total, with the majority of funding being from central Government. However, the scheme will only go ahead if the project can be fully resourced. One of the funding sources would be through contributions from those local authorities which expect to benefit as a result of the national investment. The local contribution can also include works in kind. This can for example include related works to the highway and any officer time spent on the project. Department for Transport have already approached those authorities on the Delivery Board to agree a contribution to the scheme. The Delivery Board will discuss a suggested basis for the contribution, but the agreement of the Cabinet will still be required before any commitment is made.

In line with any Capital Programme the commitment to the contribution will need to be funded. This scheme could potentially be funded from S106 and/or Community Infrastructure Levy, but this will need to be evaluated based on the funding required. If this is unlikely to be sufficient other capital resources available to the Council would need to be used.

Y	Capital	Y	Revenue		Accommodation
	IT		Medium Term Plan		Asset Management

3.3 Carbon and Energy Management

The use of rail is seen as a more sustainable alternative than car journeys and therefore has a positive impact on carbon reduction.

Legal

The project will be delivered in accordance with defined planning and development frameworks.

The project therefore will take heed of legislation in relation to equality and diversity

3.4 Other Implications

	Equalities/Diversity		Sustainability		Human Rights
	E-Government		Stakeholders		Crime and Disorder

Background Papers: Joint Delivery Board – Draft TOR

E-W rail prospectus

Local Transport Plan (3) MK Transport Strategy & Vision

MK Core Strategy

Wards Affected:

All Wards

ITEM **14**

CABINET

25 JULY 2012

Transport Infrastructure Investment

Author: Andy Dickinson, Highways Network Co-ordinator, Tel: (01908) 252379

Executive Summary:

It has long been understood that Milton Keynes' Highway Infrastructure (roads, footways, redways, streetlights and bridges/structures), having been constructed over a relatively short period of time, will require significant capital investment to address the current backlog caused by this asset reaching the end of its 'working life'. We are currently at the point where the asset backlog is growing and we are not arresting this decline with current investment levels, therefore the asset is and will continue to decline.

In anticipation of this pressure and in line with the Financial Principles adopted by the Council in 2009 to address future liabilities, the Council has since 2011/12 been setting aside £1m of revenue funding each year to contribute towards financing the necessary investment through prudential borrowing.

By 2014/15, therefore, the Council will have the financial resources to borrow approximately £50m to invest in the repair and replacement of highway infrastructure to start addressing this backlog. If that investment is properly targeted, it will significantly extend the life of the current highway assets and reduce maintenance costs. Indeed, over the long term (25+ years), the investment should be repaid by savings on short term maintenance costs.

This report sets out an evidence-based investment programme in highway infrastructure, designed to make best use of the capital resource that is now available.

1. Recommendation(s)

1.1 That in principle, the allocation of up to £50m of additional investment in highway infrastructure over the next 7 years, as part of a long term (to 2039) sustainable asset management approach to highway infrastructure (as set out in Annex D), be approved.

1.2 That the resource allocation of £865k for the enhancement of grid road lighting, to be funded through prudential borrowing as part of the £50m additional investment in highway infrastructure, be approved

1.3 That the spend for an initial phase of £5 million made up of:-

(i) £2.7m in 2012/13 on footways and redways

(ii) £1.435m in 2013/14 on footways and redways

(iii) £0.865m in 2012/13 on enhanced grid road lighting.

be approved.

2. Issues

2.1 The Council's largest asset in value terms is contained in the highways infrastructure which consists of :-

56,000 street lighting columns
14,000 illuminated signs and electrical units
1170 km carriageway
1800 km footways
791 bridges
300 km redways
115 structures (mainly retaining walls)

As well as this there are significant numbers of street nameplates; un-illuminated traffic signs, traffic signal junctions, bus shelters and highways drainage systems. Also the asset will continue to grow in size year on year with the planned population growth for the borough to 300,000 people between now and 2026.

A highway must be available in perpetuity, so the council as the highway authority cannot allow the network to deteriorate to point where it becomes unsafe to use.

Like all assets that are subject to constant use by traffic of varying intensity from a young child pedestrian through to an abnormal load the asset suffers from wear and tear. It is also constantly exposed to the weather so suffers from UV degradation, rain water attack, and corrosion as a result of ground conditions and the use of rock salt. All of these things mean that the highway network needs constant attention to maintain it in a satisfactory condition for its use by residents to safely pass and repass along it. Periodically more sustained attention is required than simply a 'patch up' and major interventions are either required to extend the life of the asset through preventative maintenance such as surface dressing (tar and chip) or major reconstruction.

Current Forecast Requirements

2.2 Looking at the key asset types individually:-

2.2.1 For Street lighting the major issue is the structural deterioration of the lighting columns. The vast majority of columns in the borough are galvanised mild steel which have corroded below ground level making visual detection of any corrosion almost impossible. From specialist inspection data collected over the last 6 years it has been identified that 40,000 columns will need replacing over a 25 year period. The proposed investment would enable the replacement of approximately 2000 columns per year on a rolling programme, at a cost of £15m up to 2018/19 and a long term strategy maintaining the assets for the future.

2.2.2 Bridges require a variety of treatments dependant on the nature of the deterioration which can vary from the occasional full replacement of a bridge through to individual bridge schemes to refurbish the waterproofing and/or parapets to both address the short term issues and to minimise whole life costs. A 15 year programme has been built up from the program of inspections carried out on the existing stock. The programme will be updated and amended following the periodic principal bridge inspections if more advanced deterioration is identified.

£14.2m of works to Bridges to be completed to 2018/19 and the full backlog of works being addressed by 2027 with maintenance thereafter.

2.2.3 Carriageways are assessed from continual surveys year on year which are reported as performance indicators. These surveys enable prioritisation of schemes and also provide a costing analysis for each scheme. The survey results show that the borough's carriageways have deteriorated to a point where major maintenance is required on:-

- Principal Roads (Strategic A class roads) – for 3% of roads
- Other A and all B & C class roads – for 6% of roads
- Unclassified Roads – for 10% of roads

From this a works plan is produced for the corresponding year based on condition. As road condition deteriorates and the priorities change the programme is adjusted accordingly to ensure that resources are targeted at those roads in the worst condition. The types of interventions vary from surface dressing to extend the life of the road, through preventing the ingress of water into the road construction through to full reconstruction where the road may have failed due to the use of inadequate materials in its original construction. The rationale for this is explained in annex B.

£21.4m of works to Highways to be completed to 2018/19 and a long term strategy addressing all backlog and on going structural maintenance issues.

2.2.4 Footways & Redways are very similar to carriageways but normally of a lot 'lighter' construction. Surveys are carried out annually to determine condition and provide priorities and programme lists with costs. The recent survey showed that 22% of them needed major work with a high percentage of the high priority ones being in CMK. This was no doubt behind the Council Budget decision to bring forward £5m of investment in footways. The rationale for the prioritisation and scheme selection is explained in annex C.

A programme of works has been developed which takes into account deliverability for £7.4m of works to Footpaths and Redways to be completed to 2018/19 and a long term strategy addressing all backlog and on going structural maintenance issues.

Way forward

2.3 In order to restore the network and other highway assets to a reasonable standard and then maintain the infrastructure to that standard the council will need to make a significant investment over a prolonged period.

2.4 To establish a base figure for road network funding a 'Whole Life' cost approach calculation based on CIPFA principles has been applied. This has been undertaken to establish an initial 15 year budget proposal for capital investment that can be extrapolated to 25 years. The table in annex A to this report outlines the required minimum capital investment on a year by year basis in order to maintain the network at the current condition level. A significant capital investment and applying the 'whole life' principles will arrest the current decline and over a period have the effect of improving the network, enabling a sustainable approach to Highways Network Maintenance.

2.5 In anticipation of this budgetary pressure on the capital programme and in line with the financial principles adopted by the Council in 2009 to address future liabilities, the council has since 2011/12 been setting aside £1m of revenue funding each year to contribute towards financing the necessary investment through prudential borrowing

2.6 By 2014/15, therefore, the Council will have financial resources of £4m to use for the repayment of borrowing to support the investment in the replacement of highway infrastructure to start addressing this backlog. By continuing to set aside additional resources of £250k per annum until 2022/23 the Council will have sufficient resources to fully finance the current backlog and move to a sustainable on going maintenance programme by 2038. If that investment is properly targeted, it will significantly extend the life of the current highway assets and reduce maintenance costs. Indeed, over the long term (25+ years), the investment should be repaid by savings on short term maintenance costs.

2.7 So as to target the needs of the various highway assets proposed spending has been broken down to a year by year requirement and the budget split in line with the yearly allocation. The spreadsheet in Annex A shows how a combination of LTP funding and transport infrastructure investment would be allocated.

2.8 The prudential borrowing cost has been worked out using the works programme identified and the estimated life of the assets. In accordance with the standard calculations for prudential borrowing, no principal is repaid in year 1 and interest is assumed at 4.5%

Annex A sets out how this investment could be phased.

2.9 Elsewhere on this agenda is a report dealing with switching back on a number of the grid road streetlights which were switched off. So as to minimise the energy use that will result from the lights being lit it is proposed to "dim and trim" them. With the necessary work to fit the dimming and trimming equipment, including replacement of older lamps and replacing columns that are in a poor structural condition it is proposed to bring forward £0.865m of the investment to enable this important urgent work to be delivered within the current financial year.

3. Options

a. Do nothing – continue to fund the infrastructure asset at current level - allow the condition to deteriorate leading to longer term higher repair costs . Milton Keynes Council may also be failing in its statutory duty.

b. Strategy of managed decline – Resources are 'rationed' to keep the strategic network open with minimal reactive maintenance elsewhere and in the case of footways almost no maintenance at all.

c. Planned Intervention – Once an asset has declined to a predetermined condition a planned surface treatment is carried out to extend the life and minimise 'whole life' costs.

4. Implications

4.1 Policy

The Transport Vision and Strategy constitute the council's third Local Transport Plan (LTP) for Milton Keynes and was submitted to the Department for Transport in April 2011. The Transport Vision and Strategy set out the borough's policies and programme for delivering local, sub-regional and national policy objectives and will be reviewed on a regular basis and at a minimum every four years.

The LTP builds on the borough's Sustainable Community Strategy (SCS) and the spatial planning policies in the Core Strategy as well as policy and guidance at an international, national and local level.

4.2 Resources and Risk

The procurement strategy for the projects to be delivered in 2012/13 will be to formally tender the streetlighting works as an external contract subject to OJEU conditions. The footway works are proposed to be either delivered by the in house operational team where capacity allows or tendered through the Midlands Highways Alliance (MHA) if works are unable to be delivered by the in house team.

The works proposed to be delivered from 2014 onwards will be subject to the outcome of the OTP business case (tabled separately at this meeting).

Most of the costs associated with the preparation of programmes are already delivered within the normal processes of the corresponding officers' time.

If spend approval for the programme is approved, a project team will be appointed to manage and deliver the programme. Costs for this resource will be chargeable back to the project directly. The costs of procurement will be funded from within the revenue budget.

This strategic approach to asset management, investment and maintenance will be more efficient in terms of revenue maintenance and is expected to deliver savings of £640k from 2015/16.

The 25 year infrastructure investment programme can be fully financed through the use of prudential borrowing and current levels of Transport capital funding.

A two year capital funding allocation has been confirmed for Integrated Transport and Highways Maintenance in 2013/14 and 2014/15, and assumptions have been made that this level of funding will continue to be available in future years.

This programme of works will be regularly reviewed to ensure the long term strategy accurately reflects both asset need and resource availability. The impact on performance indicators will also be recorded and evaluated.

The costs of prudential borrowing can be met initially from resources allocated in the Medium Term Financial Plan, although these resources would need to be increased to £6m by 2022/23 to enable the programme to be fully financed.

Y	Capital	Y	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	Y	Asset Management

4.3 Carbon and Energy Management

With the implementation of new columns for streetlighting, they will also form part of the ‘dimming and trimming’ programme which will reduce the energy output of the units, this will have an effect of reducing the overall carbon output. With improvements to the highways network including cycleways the general public will be encouraged to use alternative forms of transport and thus contributing to carbon management.

4.4 Legal

Milton Keynes Council as the highways authority has a statutory duty under section 41 of the Highways Act 1980, to maintain adopted highways in a safe condition for all users.

4.5 Other Implications

Sustainability

The investment will assist to deliver the transport asset management plan (TAMP). One of the objectives of the TAMP is to consider sustainability in the context of minimising ‘whole life’ costs of the asset and also to maximise the value of the asset to the environment and the community.

When undertaking the improvement works we will ensure that sustainability is maximised through the use of a checklist, consisting of:-

- Scope and scale of scheme
- Cost benefit analysis (whole life cost)

- Design aspects
- Materials and products
- Re-use and recycling

We have explored various sustainable initiatives in recent years applying these principles and will continue to reinforce these when planning and delivering the future schemes outlined in the Transport Infrastructure Investment programme.

N	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder

Background Papers:

Appendix A – CIPFA Calculations for Whole Life Costing approach for Carriageways

Appendix B – Carriageway Network Treatment Analysis Report

Appendix C – Footway Network Treatment Analysis Report

Appendix D – Capital Programme split by asset type showing 25 year plan to address backlog and maintain assets for the future.

Appendix A
CIPFA highways carriageway whole life costing

Highways Maintenance 15 year budget Proposal

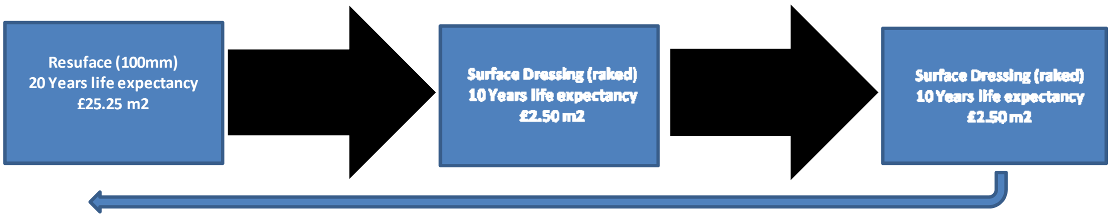
Advanced CIPFA WHOLE LIFE COSTING Approach

Annual treatment 1 – Treating Principal (Urban / Rural) Non Principal (Urban / Rural) and Classified Roads (Urban)

Contributing factors

Length

A Roads Urban and Rural	72.6km
B Roads Urban and Rural	32.1km
C Roads Urban	126.8km
Total	**231500m**
Treatment(£25.25m2 + £2.50m2 + £2.50m2)	£30.25m2
Width	8.1m
Whole Life cycle	40 years



Formula

$$\frac{\text{Whole Life Cost Treatment} * \text{Width (m)} * \text{Length (m)}}{\text{Whole Life cycle (40 yrs MKC Life Cycle)}}$$

Therefore

$$\frac{£30.25\text{m2} * 8.1\text{m} * 231500\text{m}}{40 \text{ yrs}}$$

=£1,418,082.00 Per annum

Minimum amount required to maintain the Principal (Urban / Rural) Non Principal (Urban / Rural) and Classified Roads (Urban per year for 40 years at existing condition level

Please note: *HM Treasury and CIPFA insist on 25 year life cycles within the Whole Government Accounting submission this will dramatically increase the annual treatment, I have used a realistic life cycle.*

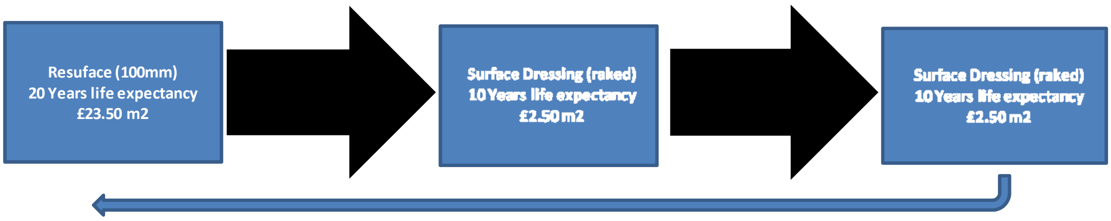
Advanced CIPFA WHOLE LIFE COSTING Approach

Annual Treatment 2 – Treating Classified Roads (Rural) and Unclassified (Rural)

Contributing factors

Length

C Roads Rural	90.4km
Unclassified Rural	14.7km
Total	**105100m**
Treatment(£23.50m2 + £2.50m2 + £2.50m2)	£28.50m2
Width	7.7m
Whole Life cycle	40 years



Formula

$$\frac{\text{Whole Life Cost Treatment} * \text{Width (m)} * \text{Length (m)}}{\text{(40 yrs MKC Life Cycle)}}$$

Therefore

$$\frac{£28.50\text{m2} * 7.7\text{m} * 105100\text{m}}{40 \text{ yrs}}$$

=£576,605 per annum

Minimum amount required to maintain the Classified Roads (Rural) and Unclassified Roads(Rural) per year for 40 years at existing condition level

Please note: *HM Treasury and CIPFA insist on 25 year life cycles within the Whole Government Accounting submission this will dramatically increase the annual treatment, I have used a realistic life cycle.*

Advanced CIPFA WHOLE LIFE COSTING Approach

Annual Treatment 3 – Treating Unclassified (Urban)

Contributing factors

Length

Unclassified Urban	887.4km
Treatment(£15.00m2 + £2.50m2 + £2.50m2)	£28.50m2
Width	6.4m
Whole Life cycle	50 years

Formula

$$\frac{\text{Whole Life Cost Treatment} * \text{Width (m)} * \text{Length (m)}}{\text{(50 yrs MKC Life Cycle)}}$$

Therefore

$$\frac{£20.00\text{m2} * 6.4\text{m} * 887400\text{m}}{50 \text{ yrs}}$$

=£2,271,744 per annum

Minimum amount required to maintain the Unclassified Roads (Urban) per year for 50 years at existing condition level

Please note: *HM Treasury and CIPFA insist on 25 year life cycles within the Whole Government Accounting submission this will dramatically increase the annual treatment, I have used a realistic life cycle.*

Summary

Advanced CIPFA WHOLE LIFE COSTING APPROACH

Annual Treatment

A / B / C rds (Urban <40mph)		£1,420,000.00
Unclass Rds / C rds (Rural)		£575,000.00
Unclass Rds (Urban)		£2,268,000.00
	Annual Total	**£4,263,000.00**

Annual Treatment breakdown

A / B / C rds (Urban <40mph)

Treatment	Treatment cost m2	Minimum Treatment length (km)	Annual Cost (£)
Resurfacing	£25.50	**5.8**	£1,180,000.00
Surface dressing	£2.50	**5.8**	£120,000.00
Surface dressing	£2.50	**5.8**	£120,000.00
		Total	**£1,420,000.00**
Life cycle total 40 yrs			

Unclass Rds / C rds (Rural)

Treatment	Treatment cost m2	Minimum Treatment length (km)	Annual Cost (£)
Resurfacing	£23.50	**2.6**	£475,000.00
Surface dressing	£2.50	**2.6**	£50,000.00
Surface dressing	£2.50	**2.6**	£50,000.00
		Total	**£575,000.00**
Life cycle total 40 yrs			

Unclass Rds (Urban)

Treatment	Treatment cost m2	Minimum Treatment length (km)	Annual Cost (£)
Resurfacing	£15.00	**17.7**	£1,700,000.00
Surface dressing	£2.50	**17.7**	£284,000.00
Surface dressing	£2.50	**17.7**	£284,000.00
		Total	**£2,268,000.00**
Life cycle total 50 yrs			

Report completed by Gary Morland 17/08/11

Analysis Report

Milton Keynes carriageway network treatment analysis

Client: Milton Keynes Council

Primary Contact: Andy Dickinson

Date:23/05/12

Consultant: Gary Morland

Project Outline

Milton Keynes Council is investigating the appropriate scheme selection for the carriageways around the Milton Keynes borough.

The justification for any scheme selected is to be based on an informed approach, utilising an accredited United Kingdom Pavement Management System (UKPMS), and be based on condition data and local knowledge.

This would make use of the data from the Scanner and Course Visual Inspection Surveys that were collected during 2008 and 2011.

It's worth noting that any analysis carried out in a UKPMS system must always be verified by an Engineer to ensure the data is representing the on-site conditions. It is also common that authorities have the maintenance and capital schemes split between directorates, which can cause duplication of work if not communicated correctly.

The event layers (G.I.S tables) created from Insight will not take into effect any maintenance carried out nor any further deterioration that has occurred from the last survey carried out.

Scheme preparation and treatment selection

The work carried out utilised Symology's accredited UKPMS system. The Automatic pass required to produce reporting and treatments was run using the latest Rules and Parameters (RP10.01*) Weighting sets as stated in the Technical Note 44 and 45 (WSPrinv0201 and WSBCv02002). When configuring the Automatic Pass merge method 1 – fixed sub sections of 50m was deemed appropriate.

Treatment rates

Treatments had been processed using the Automatic pass and exported to produce a master list. Treatment rates have then been created within Insight after discussions with Andrew Dickinson on the relevance of the treatments produced and whether these are acceptable for Milton Keynes' carriageway network. The automatic pass re-run was then re-run; this calculated the associated costs for each treatment defined within the Insight system.

Treatment rate table

Treatment	Unit Type	Hierarchy		XSP	Cost	Use SOR?
ED/IN/BI	0001 CARRIAGEWAY	*	*ALL*		30	N
ED/PA/BI	0001 CARRIAGEWAY	*	*ALL*		75	N
ED/PT/BI	0001 CARRIAGEWAY	*	*ALL*		30	N
ED/RC/BI	0001 CARRIAGEWAY	*	*ALL*		100	N
LJ/IG/JO	0001 CARRIAGEWAY	*	*ALL*		3	N
LJ/IL/JO	0001 CARRIAGEWAY	*	*ALL*		3	N
LJ/LM/JO	0001 CARRIAGEWAY	*	*ALL*		3	N
LJ/MN/JO	0001 CARRIAGEWAY	*	*ALL*		3	N
LO/LR/BL	0001 CARRIAGEWAY	*	*ALL*		50	N
RE/RB/BL	0001 CARRIAGEWAY	*	*ALL*		50	N
RS/OL/BI	0001 CARRIAGEWAY	*	*ALL*		15	N
RS/PT/BI	0001 CARRIAGEWAY	*	*ALL*		50	N
ST/OL/BI	0001 CARRIAGEWAY	*	*ALL*		15	N
ST/RC/BI	0001 CARRIAGEWAY	*	*ALL*		25.25	N
ST/RC/BL	0001 CARRIAGEWAY	*	*ALL*		75	N
TE/TD/UN	0001 CARRIAGEWAY	*	*ALL*		30	N
TE/TP/UN	0001 CARRIAGEWAY	*	*ALL*		30	N
TE/TR/UN	0001 CARRIAGEWAY	*	*ALL*		100	N
TJ/IG/JO	0001 CARRIAGEWAY	*	*ALL*		3	N
TJ/LM/JO	0001 CARRIAGEWAY	*	*ALL*		3	N
TJ/MT/JO	0001 CARRIAGEWAY	*	*ALL*		3	N
TR/TS	0001 CARRIAGEWAY	*	*ALL*		15	N
TR/TS/UN	0001 CARRIAGEWAY	*	*ALL*		15	N
TR/TW	0001 CARRIAGEWAY	*	*ALL*		50	N
TR/TW/UN	0001 CARRIAGEWAY	*	*ALL*		50	N
TU/TS/UN	0001 CARRIAGEWAY	*	*ALL*		15	N

Mapping outputs delivered:

RAG Mapping

- Principal RAG map — Milton Keynes Borough
- Non Principal RAG map — Milton Keynes Borough
- Unclassified RAG map — Milton Keynes Borough

Treatment Mapping:

- Principal Treatment map — Milton Keynes Borough
- Non Principal Treatment map — Milton Keynes Borough
- Unclassified Treatment map — Milton Keynes Borough

Additional Mapping outputs and data provided:

- Principal and Non Principal Roads
  - LLRT — Left Wheel track Rutting
  - LRRT — Right Wheel track Rutting
  - LLTX — Left Wheel track Texture
  - LV3 — 3m Longitudinal variances

- Excel spread sheets of the grid exports for:
  - 2011_PRN_RAG
  - 2011_NONPRN_RAG
  - 2011_PRN_50m_Treat
  - 2011_NONPRN_50m_Treat
  - 2011_UNC_Treat

Budget and treatment selection

Scheme treatments total costs were discussed as the SCANNER data produces schemes for any sub sections with defects relating to the treatment groups. The below extract explains the Treatment group triggers for each of the treatment rules.

Below is an extract taken from the TTS Treatment Rules – Summary document No112

Strengthen

The rule is that any of the following combinations trigger a strengthen treatment:

1. Left wheel track rut ≥ 20mm and 3m LPV ≥ 10mm2
2. Right wheel track rut ≥ 20mm and 3m LPV ≥ 10mm2
3. Left wheel track rut ≥ 20mm and whole CW cracking intensity ≥ 4%
4. Right wheel track rut ≥ 20mm and whole CW cracking intensity ≥ 4%
5. Left wheel track rut ≥ 20mm and left WT cracking intensity ≥ 4%
6. Right wheel track rut ≥ 20mm and right WT cracking intensity ≥ 4%
7. 3m LPV ≥ 10mm2 and whole CW cracking intensity ≥ 4%
8. 3m LPV ≥ 10mm2 and left WT cracking intensity ≥ 4%
9. 3m LPV ≥ 10mm2 and right WT cracking intensity ≥ 4%

Resurface

The rule is that any of the following combinations trigger a resurfacing treatment:

1. Left wheel track rut ≥ 15mm
2. Right wheel track rut ≥ 15mm
3. 3m LPV ≥ 10mm2
4. Whole CW cracking intensity ≥ 4%
5. Left wheel track rut ≥ 11mm and 3m LPV ≥ 4mm2
6. Right wheel track rut ≥ 11mm and 3m LPV ≥ 4mm2
7. Left wheel track rut ≥ 11mm and whole CW cracking intensity ≥ 1%
8. Right wheel track rut ≥ 11mm and whole CW cracking intensity ≥ 1%
9. Left wheel track rut ≥ 11mm and left WT cracking intensity ≥ 1%
10. Right wheel track rut ≥ 11mm and left WT cracking intensity ≥ 1%
11. Left wheel track rut ≥ 11mm and right WT cracking intensity ≥ 1%
12. Right wheel track rut ≥ 11mm and right WT cracking intensity ≥ 1%
13. 3m LPV ≥ 4mm2 and whole CW cracking intensity ≥ 1%
14. 3m LPV ≥ 4mm2 and left WT cracking intensity ≥ 1%
15. 3m LPV ≥ 4mm2 and right WT cracking intensity ≥ 1%

And a resurfacing/patch wheel track treatment is triggered by:

16. Left WT cracking intensity ≥ 4%
17. Right WT cracking intensity ≥ 4%

Milton Keynes have two options to identify the schemes and associated cost for the carriageway network.

Option 1

Using the RAG maps they can use a generic rate to target the upper Amber banding and target the critical carriageway on the verge of turning to Red. It is deemed that upper amber targeting is more effective and the treatment rates will be lower as the level of treatment required should be cheaper. An additional rate to target the sub sections already in a state of Red (requiring treatment) should be used this will reduce your amount of backlog (Accumulated depreciation)

Option 2

The Scanner and Course Visual Inspections had been run using RP10.01. This process determined a treatment and cost. Those Principal and Non Principal Sections surveyed using Scanner will need reviewing due to the nature of the automatic pass delivering schemes for most of the sub sections. It is regarded in the industry that harmonisation between CVI and Scanner is challenging but can still be used.

Please refer to the following website to gain access to the documents referred to within this report.

http://www.pcis.org.uk

Appendix C

Analysis Report

Milton Keynes Footway analysis and treatment selection

(CMK used as sample area)

Client: Milton Keynes Council

Primary Contact: Andy Dickinson

Date:18/04/2012

Consultant: Gary Morland

Project Outline

Milton Keynes Council is investigating the appropriate scheme for the footways and redways around central Milton Keynes, and have contracted Symology to provide assistance in scheme identification.

The justification for any scheme selected is to be based on an informed approach, utilising an accredited United Kingdom Pavement Management System (UKPMS), and be based on condition data and local knowledge.

This would make use of the data from the Footway Network Surveys that were collected in 2010 and 2011.

This will be followed by a site visit to verify if any maintenance had been carried out by other departments, if the data had further deteriorated and the treatments identified reflected the treatment's required out on site.

It's worthwhile noting that any analysis carried out in a UKPMS system must always be verified by an Engineer to ensure the data is representing the on-site conditions. It is also common that authorities have the maintenance and capital schemes split between directorates which can cause duplication of work if not communicated correctly.

Scheme preparation and treatment selection

The work carried out utilised Symology's accredited UKPMS system. The Automatic pass required to produce reporting and treatments was run using the latest Rules and Parameters (RP10.01*) and Technical Note 47 part 2*. By running the **FNS Performance Report 2: FNS Headline Condition Indicator we can obtain defect lengths** for functional Impairment and Structurally Unsound condition.

FNS Performance Report 2: FNS Headline Condition Indicator – Extract

Please refer to the supplementary guidance for larger version of the below report.

FNS Performance Report 2: FNS Headline Condition Indicator

Milton Keynes Council - Central Milton Keynes
Footways (only)

Rule Set R1001
Pass Id 3

FWHI	Surveyed Length (km)	Condition Level												
		1: As New		2: Aesthetically Impaired		3: Functionally Impaired			4: Structurally Unsound			3 plus 4		
		km	%	km	%	km	%	Average Extent %	km	%	Average Extent %	km	%	Average Extent %
1	15.451	8.808	57.0	0.151	1.0	2.154	13.9	31.0	4.338	28.1	33.3	6.492	42.0	32.6
2	28.494	16.021	56.2	0.292	1.0	3.407	12.0	33.6	8.773	30.8	32.8	12.181	42.7	33.0
4	9.090	4.937	54.3	0.075	0.8	1.199	13.2	33.1	2.879	31.7	33.3	4.078	44.9	33.2
All	53.035	29.767	56.1	0.518	1.0	6.760	12.7	32.7	15.990	30.2	33.0	22.751	**42.9**	32.9

Network Headline Indicator: Percentage Length with functionally impaired or structurally unsound defects: **42.9%**

**For Rules and parameters, Technical Notes and Full reports please refer to the supplementary guidance.*

Milton Keynes Council provided the following market tested treatment rates. These were entered into Symology and an automatic pass re-run to calculate the treatments and associated costs.

Treatments Rates

Treatment code	Treatment description 1	Treatment description 2	Treatment description 3	Unit Type	Hierarchy	Cost
LO/LR/FL	Localised Treatment	Local Relay	Flags	0005 FOOTWAY	* *ALL*	£ 150.00
LO/OC/BI	Localised Treatment	Off-CW Local Repair	Bituminous	0005 FOOTWAY	* *ALL*	£ 40.00
LO/OC/CO	Localised Treatment	Off-CW Local Repair	Concrete	0005 FOOTWAY	* *ALL*	£ 40.00
RS/OO/BI	Resurfacing	Off-Carriageway Overlay	Bituminous	0005 FOOTWAY	* *ALL*	£ 40.00
RS/RB/BL	Resurfacing	Relay Blocks	Blocks	0005 FOOTWAY	* *ALL*	£ 50.00
RS/RF/FL	Resurfacing	Relay Flags	Flags	0005 FOOTWAY	* *ALL*	£ 150.00
ST/OR/BI	Strengthening or Renewal	Off-Carriageway Recon	Bituminous	0005 FOOTWAY	* *ALL*	£ 40.00
ST/OR/BL	Strengthening or Renewal	Off-Carriageway Recon	Blocks	0005 FOOTWAY	* *ALL*	£ 150.00
ST/RC/FL	Strengthening or Renewal	Reconstruct	Flags	0005 FOOTWAY	* *ALL*	£ 150.00
SU/OS/BI	Surface Improvement	Off-CW Surface Treatment	Bituminous	0005 FOOTWAY	* *ALL*	£ 40.00

Before we could interrogate and verify the UKPMS results we omitted any sections that would be impacted on future planned works around Central Milton Keynes including the shopping centre.

Works identified:

- Planning application for The Centre:MK extension (**£579k)**
- Narrow parking strip between Highway verge and front of Parking in Central Milton Keynes Value (**£1.66m)**

Any sections, treatments and costs impacting on the above works where omitted for this project but set aside for future reference when required by Milton Keynes Council.

Treatments and Costs

Treatment summary

Treatment Discription 1	Treatment Discription 2	Treatment Discription 3	Treatment	Treatment Group
Localised Treatment	Off-CW Local Repair	Concrete	LO/OC/CO	£ 1,080.00
Strengthening or Renewal	Off-Carriageway Recon	Bituminous	ST/OR/BI	£ 3,024.00
Strengthening or Renewal	Off-Carriageway Recon	Blocks	ST/OR/BL	£ 3,150.00
Resurfacing	Relay Blocks	Blocks	RS/RB/BL	£ 4,320.00
Resurfacing	Off-Carriageway Overlay	Bituminous	RS/OO/BI	£ 27,072.00
Localised Treatment	Off-Carriageway Lcl Relay	Blocks	LO/OY/BL	£ 33,180.00
Localised Treatment	Off-CW Local Repair	Bituminous	LO/OC/BI	£ 93,444.00
Surface Improvement	Off-CW Surface Treatment	Bituminous	SU/OS/BI	£ 110,676.00
Strengthening or Renewal	Reconstruct	Flags	ST/RC/FL	£ 390,660.00
Resurfacing	Relay Flags	Flags	RS/RF/FL	£ 865,740.00
Localised Treatment	Local Relay	Flags	LO/LR/FL	£ 7,445,730.00
				£ 8,978,076.00

When generating schemes within UKPMS, the software will only generate treatments when observations over the Intervention level are triggered. This means that some sections within the spread sheet do not have treatments. I have retained these sections to give a full picture of the network.
There may well be a scenario's when authorities are treating two sections either side of a section that has no treatment planned. In most cases (depending on length) the engineer will include this section within the scheme for cost effectiveness. For this reason I have retained the sections with no treatment for full network coverage.

Please refer the following spread sheet for the Central Milton Keynes FNS scheme treatment and associated costs ***Milton Keynes FNS programme £800k plus £750k MKC identified.pdf***
And for the all Footways sections in Central Milton Keynes please refer to ***Milton Keynes FNS programme measured width fixed merge 100mv2.xls***

Treatment Schemes to a value of £800k has been allocated. These can be identified in red within the ***Milton Keynes FNS programme £800k plus £750k MKC identified.pdf*** spread sheet. However there are also schemes that we also verified by Andrew Dickinson so for completeness I have included these, this takes the treatment value to £1.5m.

The sections identified had been ranked with a high Condition index (more deteriorated condition). The allocation of the Condition indices is calculated when running the automatic pass within the UKPMS software.

If any future funding becomes available treatment schemes can be further identified using the same spread sheet.

Discussions regarding treatment schemes around other parts of Milton Keynes took place. A similar exercise could be undertaken as long as the Footway Network Surveys were available for those areas.

Scheme treatment verification

Confidence in the treatments was required. Therefore, site investigations were carried out identifying scheme length, width, treatment and cost.

See Site Inspection report. ***Milton Keynes Footway Inspection and verification.ppt***

On site observations

Sections identified within the office CMK/039/7, CMK/039/8, CMK/039/9, CMK/039/10, CMK/039/11, CMK/039/12 have been downgraded for treatment. It was felt that these sections didn't qualify to be on the scheme list but would benefit from some careful maintenance.

Location	Site visit (Data Verification)	Refer to image number	Overall CI	Ranking	Treatment cost	Agreed on site
CMK/018/02	under planning app	940, 941	22.101449	8.354646	£37,260.00	Yes
CMK/018/03	under planning app	940, 941	19.202899	4.944587	£37,260.00	Yes
CMK/019/23	Area confirmed as Structurally unsound, Area marked up for repair by Neighbourhood Engagement Officer	937, 938, 939	25	11.764706	£168,750.00	Yes
CMK/038/01	Disabled parking / Insurance Claims against these sections / Car Parking / No edging	934, 935, 936	25	0	£13,260.00	Yes
CMK/038/04	Disabled parking / Insurance Claims against these sections / Car Parking / No edging	934, 935, 936	23.484848	9.982174	£17,820.00	Yes
CMK/038/03	Disabled parking / Insurance Claims against these sections / Car Parking / No edging	934, 935, 936	17.54386	2.992776	£30,780.00	Yes
CMK/038/02	Disabled parking / Insurance Claims against these sections / Car Parking / No edging	934, 935, 936	17.361111	2.777778	£19,440.00	Yes
CMK/039/09	Upon inspection A.Dickinson agreed that this could be down graded	933, 932, 931	18.75	4.411765	£21,360.00	No
CMK/039/07	Upon inspection A.Dickinson agreed that this could be down graded	933, 932, 931	17.424242	2.852049	£26,730.00	No
CMK/039/10	Upon inspection A.Dickinson agreed that this could be down graded	933, 932, 931	17.307692	2.714932	£28,080.00	No
CMK/039/11	Upon inspection A.Dickinson agreed that this could be down graded	933, 932, 931	17.307692	2.714932	£16,380.00	No
CMK/039/08	Upon inspection A.Dickinson agreed that this could be down graded	933, 932, 931	17.1875	2.573529	£17,280.00	No
CMK/039/12	Upon inspection A.Dickinson agreed that this could be down graded	933, 932, 931	14.516129	0	£35,805.00	No
CMK/030/35	Section identified as structurally unsound	927, 929	36.231884	0	£49,680.00	Yes
CMK/039/06	These sections have been identified by A.Dickinson for treatment	930	8.870967	0	£0.00	Yes
CMK/039/05	These sections have been identified by A.Dickinson for treatment	930	3.846154	0	£0.00	Yes

It was agreed that the footways had deteriorated significantly since the sections were last surveyed back in 2010. The analysis has been carried out using the 2010 data however our site verification did identify the footways being significantly worse on site than the data suggested.

Current Capital Programme - Highways and Transport

25 Year Programme from 2014/15

Capital Programme	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/2038	2038/2039	Totals
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Street Lighting	0.150	0.308	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310	8.208
Highways	2.633	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	1.987	54.290
Bridges	1.143	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	30.901
Bridges potential revenue elements		0.265	0.285	0.275	0.295	0.275	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	6.855
Street Lighting Schemes started in prior years	0.044																											0.044
Highways Schemes started in prior years	0.698																											0.698
Bridges Schemes started in prior years	0.340																											0.340
Total	**5.008**	**3.704**	**3.726**	**3.716**	**3.736**	**3.716**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**101.335**
Funding of Capital Programme																												
Single Capital Pot (LTP)	5.008	3.439	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	3.441	94.480
Bridges Revenue funding		0.265	0.285	0.275	0.295	0.275	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	6.855
Total	**5.008**	**3.704**	**3.726**	**3.716**	**3.736**	**3.716**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**3.701**	**101.335**

Current Revenue Budget

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Street Lighting		0.782	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	20.789
Highways	Highways Revenue Funding - Structural maintenance	0.568	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	33.983
	Highways Revenue Funding - Responsive maintenance	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	35.555
Bridges	Remaining Bridges revenue funding	0.212	0.072	0.052	0.062	0.042	0.062	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	2.129
	Total	**2.879**	**3.444**	**3.424**	**3.434**	**3.414**	**3.434**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**3.449**	**92.456**

Proposed Capital Programme - Highways and Transport

25 Year Programme from 2014/15

Backlog	Capital Programme		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/2038	2038/2039	Totals
			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	Street Lighting	Street Lighting dimming and trimming	0.150	0.308	0.311	0.311	0.311	0.311	0.311	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.011
£ 48m		Enhancement in Grid Road Lighting	0.865	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.865
		Backlog - Streetlighting Column Replacement	0.000	0.000	2.950	2.950	2.950	2.950	2.950	2.950	2.450	2.450	2.450	1.950	1.950	1.950	1.450	1.450	1.450	2.100	2.100	2.100	1.350	1.350	1.000	1.000	1.000	1.000	0.500	48.750
£ 87m	Highways	Backlog - Footway/ Redway Improvements	1.900	1.435	0.765	0.500	0.500	0.500	0.500	0.400	0.400	0.400	0.400	0.400	0.400	0.400	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	15.400
		Backlog - CMK Footway Improvements	0.800	0.000	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	3.300
		Backlog - Carriageway Resurfacing / Upgrading	0.000	0.000	4.090	4.263	4.263	4.263	4.263	4.263	4.263	4.263	4.263	4.171	2.095	2.095	2.095	3.883	3.063	2.269	2.069	2.069	2.069	2.069	2.069	0.000	0.000	0.000	0.000	68.208
		Backlog - Drainage	0.000	0.000	0.050	0.050	0.050	0.050	0.050	0.000	0.000	0.000	0.000	0.000	0.050	0.050	0.050	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.050	0.050	0.050	0.000	0.550
		Highways Maintenance	1.935	1.987	2.168	2.168	0.000	0.000	0.000	2.218	2.218	2.218	2.218	2.218	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	19.350
		Surface Dressing	0.000	0.000	0.000	0.000	2.168	2.218	2.218	0.000	0.000	0.000	0.000	0.000	2.168	2.168	2.168	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.168	1.168	1.168	0.000	16.614
		Carriageway Resurfacing / Upgrading	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.200	0.200	0.200	0.200	0.200	0.200	1.050	1.050	1.050	2.218	6.568
£ 31m	Bridges	Backlog - Bridges Programme	1.143	1.145	2.755	2.571	2.591	2.571	2.556	1.880	1.970	1.880	2.115	1.580	1.590	1.590	1.580	1.850	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	31.368
		Bridge Programme	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.750	1.300	0.750	0.750	1.300	0.750	0.750	1.300	0.750	0.750	0.750	9.900
		Total	**6.793**	**4.874**	**13.188**	**12.913**	**12.933**	**12.963**	**12.948**	**11.811**	**11.401**	**11.311**	**11.546**	**10.419**	**8.353**	**8.353**	**7.943**	**7.783**	**5.863**	**6.469**	**5.719**	**5.719**	**5.519**	**4.969**	**4.619**	**5.168**	**4.618**	**4.618**	**4.068**	**222.884**
	Funding of Capital Programme																													
	Prudential Borrowing		0.000	0.000	14.006	9.006	9.006	9.006	9.006	7.869	7.459	7.369	4.565	3.530	1.950	3.540	0.500	3.150	0.000	2.527	1.777	1.777	1.577	1.027	0.677	1.226	0.000	0.000	0.000	100.547
	Single Capital Pot (LTP)		3.228	3.439	3.632	3.632	3.632	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	3.682	98.575
	Bridges Revenue funding		0.000	0.265	0.285	0.275	0.295	0.275	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	6.855
	Revenue Contribution from the sustainability funding		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.039	2.947	2.461	0.871	3.501	0.690	1.921	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.676	0.676	0.126	16.907
		Total	**3.228**	**3.704**	**17.923**	**12.913**	**12.933**	**12.963**	**12.948**	**11.811**	**11.401**	**11.311**	**11.546**	**10.419**	**8.353**	**8.353**	**7.943**	**7.783**	**5.863**	**6.469**	**5.719**	**5.719**	**5.519**	**4.969**	**4.619**	**5.168**	**4.618**	**4.618**	**4.068**	**222.884**
	Bringing forward investment (as agreed at Council)		**3.565**	**1.170**	**-4.735**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Projected Revenue Budget Requirement		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Street Lighting		0.782	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	0.770	20.789
	Savings from Investment				-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-0.052	-1.248
Highways	Highways Revenue Funding - Structural maintenance	0.568	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.285	33.983
	Highways Revenue Funding - Responsive maintenance	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	1.317	35.555
	Savings from Investment				-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-0.590	-14.160
Bridges	Remaining Bridges revenue funding	0.212	0.072	0.052	0.062	0.042	0.062	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	2.129
	Total	**2.879**	**3.444**	**3.424**	**2.792**	**2.772**	**2.792**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**2.807**	**77.048**

Funding of Prudential Borrowing and RCCO

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	
Sustainability Funding in Revenue per year	0.000	0.000	4.000	4.250	4.500	4.750	5.000	5.250	5.500	5.750	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	5.750	5.750	5.750	5.750	5.750	5.750	5.750	5.750	5.750	138.750
Less Financing of Prudential Borrowing	0.000	0.000	0.315	1.341	2.049	2.757	3.465	4.169	4.651	5.164	5.533	5.835	5.971	5.948	5.995	5.968	5.997	5.951	5.909	5.868	5.769	5.813	5.772	5.277	5.005	4.664	4.410	119.596
Available Revenue Funding - contributed to an earmarked reserve	**0.000**	**0.000**	**3.685**	**2.909**	**2.451**	**1.993**	**1.535**	**1.081**	**0.849**	**0.586**	**0.467**	**0.165**	**0.029**	**0.052**	**0.005**	**0.032**	**0.003**	**0.049**	**-0.159**	**-0.118**	**-0.019**	**-0.063**	**-0.022**	**0.473**	**0.745**	**1.086**	**1.340**	19.154
Contributions to Earmarked reserve	0.000	0.000	3.685	2.909	2.451	1.993	1.535	1.081	0.849	0.586	0.467	0.165	0.029	0.052	0.005	0.032	0.003	0.049	-0.159	-0.118	-0.019	-0.063	-0.022	0.473	0.745	1.086	1.340	
Drawdown from reserve to finance Revenue Contribution to Infrastructure Investment											-3.039	-2.947	-2.461	-0.871	-3.501	-0.690	-1.921	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-0.676	-0.676	-0.126	
Balance in earmarked reserve	**0.000**	**0.000**	**3.685**	**6.594**	**9.045**	**11.038**	**12.573**	**13.654**	**14.503**	**15.089**	**12.517**	**9.735**	**7.303**	**6.484**	**2.988**	**2.330**	**0.412**	**0.462**	**0.303**	**0.185**	**0.166**	**0.103**	**0.081**	**0.555**	**0.623**	**1.033**	**2.247**	

Wards Affected:
All Wards

ITEM **15**

CABINET

25 JULY 2012

Highways and Transportation- Outline Business Case

Author: David Hill, Chief Executive, Tel: (01908) 254258

Executive Summary:

This report summarises the Outline Business Case (OBC) for Highways and Transportation (which is attached). The OBC itself provides a clear evidenced based rationale to allow Members to make an informed decision on modernising the Highways contracting arrangements.

After considering various options and the use of an Industry Questionnaire and Open Day this OBC recommends that the majority of all Highway revenue and capital works, which includes Street lighting, Bridges and Highways Maintenance are procured under a single contract with one provider, bringing together the current arrangements where works are currently provided by an in house delivery team and a variety of external contractors

This will move the Council from the current complex structure with two departments having around 50 contractual arrangements and some internal trading to a clear single internal Client structure and a single external Contractor with annual budgets circa £3.4m revenue and £5.6m LTP capital.

As the overall value of this contract likely to be in excess of £80 Million over the term of this contract this report is presented to Cabinet rather than Cabinet Procurement Committee.

1. Recommendation(s)

1.1 That the Outline Business Case for the future provision of Highways and Transport Services be approved.

1.2 That approval be given to the commencement of the tendering process for a Term Maintenance Contract for Highways and Street Lighting (in line with Option B in the Outline Business Case), the Term to be determined by the Project Board but to be of the order of 7 years with extensions up to 3 years, giving a total contract length of no more than 10 years.

1.3 That approval be given to the use of the Midland Highways Alliance documents, wherever appropriate, for OJEU, PQQ and ITT stages, rather than the standard Milton Keynes ones, subject to agreement by the appropriate officers that these are adequate to protect the Authority.

1.4 That the evaluation of the received tenders use a 50:50 price:quality ratio to give the Most Economically Advantageous Tender.

1.6 That such elements of the Highways depot as considered appropriate be made available for a peppercorn rent to the successful contractor under a full maintenance lease agreement, or similar, as determined by the Project Board.

1.7 That £0.3M be allocated from invest to save funds for the Procurement Project to back-fill where necessary and enable the use of external expertise as required.

1.8 That, due to the tight timescales and the need for clear delegated authority, the Chief Executive in consultation with the Cabinet Member for Highways and Transport, be authorised to take all necessary decisions during the procurement process up to, but not including, the decision to award the Contract.

2. Issues

2.1 A Delegated Decision was taken on 21st December 2011 to proceed with the issue of a Prior Information Notice in the Official Journal of the European Union in order to test industry appetite; and to develop an Outline Business Case based on the industry response, for Cabinet consideration.

2.2 The current way of operating highways services has changed little since the Unitary Authority was formed in 1997. The split of work between Highways and Transportation as the "Client" and Neighbourhood Services as the "Contractor", with a number of Contractors working as if they were sub-contractors to them, reflects the Compulsory Competitive Tendering of the 1980s. This artificial split has led to significant complication of what should be a very simple internal structure, and has undoubtedly added artificial costs into the service, hidden by artificial trading surpluses.

2.3 The Outline Business Case (OBC) has reviewed various models, and then consulted with Industry on a number of ideas, leading in turn to the detailed consideration and analysis of the 4 options given below. These are detailed in the report.

3. Options

3.1 The four options considered in detail in the OBC are:

Option A **Business as usual.** This is what is currently done and includes changes that are already planned.

Option B A single Partnership Contract for a set period (known as a **Term Contract** in the industry). All consultancy work (including design and other technical services support) using current framework agreements (no need for additional procurement)

Option C Partnership with **Term Contract including Consultancy top-up** covering design and other technical services support.

Option D Strategic Partnership with **Term Contract and full outsourcing of Consultancy.**

3.2 The four options are steps towards traditional total outsourcing and although Option D gives marginally greater financial savings than Option B or C the risks are much greater with the possibility of loss of financial control and of public perception.

3.3 The Industry is clearly willing to engage regardless of type of contract. However, the larger contracts required in Options C and D generally involve Consortia bids or very large companies. Option B will help retain the small and medium sized companies within the mix of interested companies.

3.4 Option A has been discounted as it is not going to provide the level of savings necessary for the potential increased level of Capital works and because it does not provide a step change to the current performance.

3.5 In line with a report that went to Audit Committee in June this Contract will be part of the new Contract Management arrangements that will bring together and strengthen (building on areas of existing good practice) Contract Management capacity across the whole spectrum of 'environmental' type services. In parallel, recruitment is in hand to a new post in the Partnership Delivery Team (which supervises the Mouchel contract), which will play a role equivalent to that of the Portfolio office in respect of project management and be responsible for championing and promoting best practice in contract management across the Council as a whole.

3.6 Detailed consideration will need to be given to the exact structure of the proposed new 'highways/environmental' contracts management team and the role of individual members of staff within it (and appropriate HR processes – e.g. for appointments and for restructuring – may need to be applied) but the aim would be to develop a powerful and effective team with a blend of high level 'generic' contract management skills and experience, working alongside colleagues with greater 'service specific' awareness of the particular requirements of individual contracts.

4. Implications

4.1 Policy

There are no implications as a result of this Decision; Cabinet will be required to approve the outcomes as part of the contract award in early 2013.

4.2 Resources and Risk

Risk:

A new Improvement and Service Development Board, with oversight of the Highways contracting arrangements has been established. This will help control the next phase of the programme and mitigate against risks common to this large procurement process.

There is a major risk of delay to this process. Highways Contracts that include Winter Gritting need to start outside of the winter period. Currently the OBC expects to be able to mobilise by 1st October 2013. However, that is dependent on an early decision to proceed. The next start date possible would be 1st May 2014. Financial implications have been based on the assumed October 2013 start therefore any delay will remove any savings for 2013/14 and reduce those for 2014/15.

Financial Impact:

There will be one off costs in terms of procuring the contract. This is currently estimated as being of the order of £0.3m.

The table below demonstrates the full year net impact of revenue savings anticipated through the recommended option.

Anticipated benefits of contractual changes	**£**
Savings in the cost of delivery of maintenance anticipated through the take up of the recommended option	(693k)
Other revenue impacts resulting from the recommendation	
Impact on budgeted revenue surplus generated on capital schemes through current working arrangements	699k
Smarter use of capital funding will reduce the cost of revenue maintenance	(900k)
Reduction in MKC client team to reflect a leaner function	(185k)
Total Revenue Saving	**(1079k)**

The recommended option is anticipated to generate savings of 11.08% on all works and running costs that transfer into the term contract. This equates to a revenue saving of £693k per annum. (ref: OBC paragraph 7.2)

The current internal trading arrangements are budgeted to achieve a revenue surplus on all works delivered. This surplus effectively is an additional cost for the delivery of Highways revenue and capital works. Whilst the surplus from revenue works can be netted off within the revenue account without any impact on service delivery or overall cost to MKC, the surplus that is attributable to capital works will no longer be possible. This will therefore result in a budget pressure of £699k that will need to be removed from the revenue budget.

By procuring the capital works at a reduced cost through the term contract, and removing the surplus that is currently charged to capital projects, there will be improved value for money within the capital programme. This added value will release capital funding which will enable works that previously have been completed in revenue to be charged to capital, reducing revenue costs by (£900k).

The change in working practices through the new contract will enable a review of the Highways and Transport establishment. It is anticipated that this restructure will generate savings of (£185k) and a reduction of 7.08 FTE's. (ref OBC paragraph 6.12.5)

In addition to the above savings, other revenue savings are being considered as part of the Medium Term Planning process. These include the review of the parking contract, savings through investment in infrastructure and the introduction of the Traffic Management Act permit scheme. In total these savings proposals will achieve the target set in the MTFP.

Accommodation:

The current Highways Depot and Salt Barn are a significant asset and will enable a new Supplier to provide services without huge Capital costs and is seen by the Industry as being of benefit to be offered. As a result of consolidating contracts there may be a need to offer more than the area currently used for the Highways Service, especially if it were seen sensible to co-locate the Client at the depot rather than at the Civic Centre. As any rental charged would simply be re-charged with profit margin added it is proposed that the depot be offered for a Peppercorn rent on a lease or license basis.

Information technology

The new contract will need integrated software solutions with the new Supplier and although most of this will be provided by the Supplier under the contract there may be a need for an investment in new hardware or software by the Council. It is proposed that on award some of the first year savings are used for purchase of such equipment if necessary.

Y	Capital	Y	Revenue	Y	Accommodation
Y	IT	Y	Medium Term Plan	Y	Asset Management

4.3 Carbon and Energy Management

The new contract provides opportunity to include new technology in many aspects of the contract including fuel saving measures in vehicles, use of sustainable materials and energy saving street lighting.

4.4 Legal

With regards to the single contract, the Authority is a member of the Midlands Highways Alliance (MHA) which was formed in 2007 and comprises 18 local highway authorities (including Milton Keynes) with £12m worth of tracked savings to date. The MHA is seen to be a national exemplar and the Council already uses the MHA Frameworks. The MHA has created a suite of documents for this type of single contract and therefore it is recommended that this is used for the basis of the documents.

The Procurement will be carried out fully in accordance with EU Legislation on procurement. This contract offers opportunity for the development of some of the Localism Act - specifically the Public Services (Social Value) Act 2012 principles within the Contract. However, this has not overturned EU Procurement law and the Council will have to continue to comply with OJEU Tendering Rules.

Examples of what could be done include specifying that the Contractor shall actively participate in the potential for economic and social regeneration which results from a contract and shall deliver a number of outcomes, such as:

- a minimum of 52 Person-weeks of employment to be provided for a Trainee recruited from a source agreed by the Council (ensuring that these are local trainees), for each £500,000 or £1m in contract value provided.
- Requiring recruitment of every vacancy on site, including those with subcontractors, be notified to local recruitment agencies identified by the Council and candidates identified by those agencies are to have an equality of opportunity in the selection process.
- When requested by the Council, the Contractor shall participate in initiatives to identify and nurture organisations based in or around the local area where the Services/Supplies are to be provided or development is taking place that could contribute to the supply chain. Thus giving local suppliers the chance to be on the supply chain.

As well as others like unwaged work experience to local unemployed young persons.

4.5 Other Implications

Staffing

This report and the accompanying OBC identifies about 25 potential staff Transfers under TUPE to the new supplier of the Single Contract, mainly from Neighbourhood Services, and approximately 7 posts that may be reduced due to removing duplication and inefficiencies by merging the two current department structures into a Single Client. Appropriate communication, consultation and support to staff potentially affected by proposals for change will be provided in line with current policy.

There is also the potential that a number of current Contractors' staff would have TUPE rights and the process will ensure that all existing Contractors have the opportunity to identify any such staff in time for the information to be presented to bidders for them to assess the implications before submitting their tenders.

Equalities Impact Assessment

An Equality Impact Assessment was completed on the decision and recommends we continue with the decision despite having identified some potential for adverse impact or missed opportunities. Details of equality issues can be found at: http://bit.ly/EqIA-5 . Transport and mobility are major issues for older people and people with disabilities. A service that is sensitive to their needs is vital. The main considerations are:

- Deepening engagement with service-users and communities– so that people get the information they need in manner they require.

- Increasing sensitivity to the needs of our service-users, and communities – so that due regard to the impact of service provision and barriers in service provision are properly considered.

- Removing the barriers to accessibility for service-users and communities – so that services are easy to use.

- Improving the quality of services for service-users and communities – so that services are considered excellent and outcomes improve.

Y	Equalities/Diversity		Sustainability		Human Rights
	E-Government		Stakeholders		Crime and Disorder

ANNEX - The Outline Business Case is attached

BUSINESS CASE

Project: Highways and Transportation- Outline Business Case CU2260

Release: Final

Date: July 2012

Author: Mike Tobin, Technical Consultant

Client: David Hill, Chief Executive

Document Ref:

Version No: Final

Table of Contents

Page

This Outline Business Case uses a number of technical terms and abbreviations. Appendix M (at the end of the document) gives a Glossary of Terms and Abbreviations to assist in the reading of the document.

1 Executive Summary

1.1. The main aim and objective of this Outline Business Case (OBC) is to determine whether the current Highways and Transportation service can be improved in quality of the service provided without increasing the cost.

1.2. It provides a clear evidenced based rationale to allow Members to make an informed decision on modernising the Highways contracting arrangements.

1.3. After considering various options and the use of an Industry Questionnaire and Open Day this OBC recommends that the main elements of all Highway revenue and capital works, which includes Street lighting, Bridges and Highways Maintenance are procured under a single contract with one provider in partnership with the Council bringing together the current arrangements where works are currently provided by an in house delivery team and a variety of external contractors

1.4. This will move the Council from the current complex structure with two departments having around 50 contractual arrangements and some internal trading to a clear single internal Client structure and a single external Contractor with annual budgets circa £3.4m revenue and £5.6m LTP capital.

1.5. The Council's Medium Term Planning Process assessed that savings in the region of £2m should be achievable in the Highways and Transportation Service Group. This OBC suggests net savings of £179k would be possible, from reframing the contractual arrangements, with other options for the TMA permit scheme, parking retendering, investment in infrastructure and capitalisation of maintenance anticipated to deliver a further £1.9m.

1.6. The Authority is a member of the Midlands Highways Alliance (MHA) which was formed in 2007 and comprises 18 local highway authorities (including Milton Keynes) with £12m worth of tracked savings to date. The MHA is seen to be a national exemplar, and it is felt that the current system of external support for the Client functions using the MHA Frameworks is retained rather than including these in the new Contract.

1.7. However, it is also recognised that the MHA has created a template for this type of single contract and therefore it is recommended that this is used for the basis of the contract.

1.8. There will be a one off cost for the procurement estimated at about £0.3M split between the current and next financial years.

1.9. However the expected revenue benefits of the Contractual changes alone are of the order of £0.3M in 2013/14 rising to £0.7M in 2014/15. (This is reduced to £179k when taken into account the net impact of restructuring and loss of current revenue budgeted surpluses on capital works)

1.10. By 2015/16 by smarter use of capital funding to reduce cost of revenue maintenance investment in infrastructure and income changes, savings estimated to be around £2.1M.

1.11. There would also be added value of over 10% on both the planned Capital programme and proposed infrastructure investment.

1.12. This shows that the proposed option should lead to:

- Modest revenue savings on the contracting arrangements
- Higher quality outcomes and greater responsiveness from having a single provider.
- More streamlined and 'professional' contract client side capacity within Milton Keynes Council, again supporting better service to the public. Significantly better value from capital programme spend, including the major forthcoming capital investment

In addition other actions are being developed that are anticipated to lead to further savings:

- Additional income from TMA and car parking retendering
- Scope to reduce revenue (i.e. maintenance) costs through effective capital interventions

1.13. The single contract, if accepted, can be procured using the Restricted Tender procedure. This should enable a start date of 1st October 2013 which has been used in the cost analysis of each option. This would be the latest start date in 2013 as with a Highways Contract the Winter Gritting function needs to be handed over prior to the start of the Winter season.

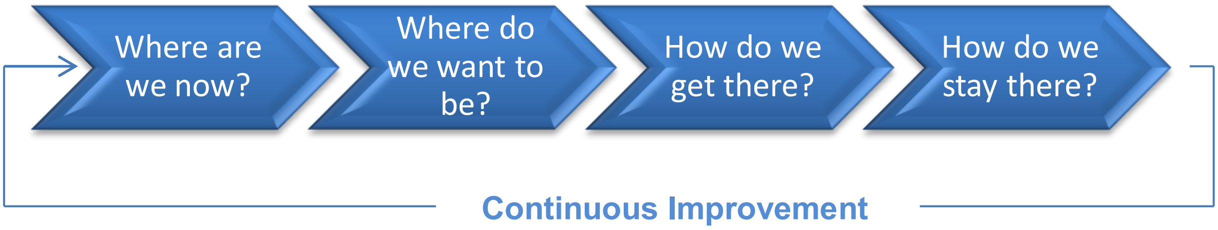
1.14. The procurement will need to be developed in such a way so service delivery maintains support to the local economy. This contract offers opportunity for the development of some of the Localism Act - specifically the Public Services (Social Value) Act 2012 principles within the Contract. However, this has not overturned EU Procurement law and the Council will have to continue to comply with OJEU Tendering Rules.

1.15. In order to achieve the timescales it is suggested that work on the documentation is started prior to the Cabinet meeting.

1.16. It is also thought useful to arrange a further series of Industry engagements once Cabinet have made their decision to check with the Industry details on the actual information they would require, the timescales they would need and their view of certain specific issues.

1.17. This would then be followed with an OJEU notice being published in August 2012 with a Pre-qualification Questionnaire (PQQ) to select the short-list in October 2012, followed by a full tendering process.

2 Introduction and Background



2.1. The above diagram shows the process that has been used in the production of this Outline Business Case (OBC) and the report is set out in the same format:

Section 3	Where are we now?
Section 4	Where do we want to be? - Aims and Objectives
Section 5	How do we get there? Part 1 - Option Development and consultation with Industry
Section 6	How do we get there? Part 2 - Detailed Options
Section 7	How do we get there? Part 3 - Option Analysis (pro’s and con’s)
Section 8	How do we get there? Part 4 - Procurement
Section 9	How do we stay there?

There are also a number of Appendices to provide further detailed information not contained in the main report.

2.2. As part of strand 4 of the Organisational Transformation Programme (OTP) the Highways and Transportation service has been reviewed. This initial desk top review, carried out in late 2011, identified that a partial outsourcing to a Strategic Partner would be beneficial to the authority in both financial and service delivery terms. The proposal was agreed by senior officers and a Delegated Decision was made on 21st December 2011 (See Appendix A for details) giving approval to publish a Prior Invitation Notice (PIN) and hold an Industry Open Day in order to test the appetite of potential providers and assist in producing this Outline Business Case (OBC).

2.3. The models considered in the initial desk top review were based on those commonly used amongst other local authorities, drawing on good practice; each considered using criteria tailored to Milton Keynes Council's objectives and deliverability criteria. In addition, learning from other authorities' successes and mistakes, the specification, market testing, and management of the contract is almost as important as the business model itself.

2.4. The initial desk top review identified that within the current model of recent internal restructuring and programmes for increased efficiency savings, there still remains considerable areas for improvement.

2.5. These were in line with issues over the timely delivery of capital and revenue programmes and project management to the MK Approach identified through various audit reviews. There is scope to improve the value for money of delivery within highway maintenance and reduce duplication between highway officers and highway contractors.

2.6. Interview feedback and customer satisfaction levels suggest that an increased focus on education, training and promotion within smarter choices, cycling and road safety will help to build on good technical performance in this area.

2.7. The summary of that initial desk-top review concluded: “There is an extremely high risk, that under this current model (business as usual) the required improvements cannot be delivered or can only be partially delivered. It can also be surmised that the objectives of the OTP cannot be met without addressing the key challenges above.”

2.8. Since the initial desk-top review was undertaken progress has been made in several key areas.

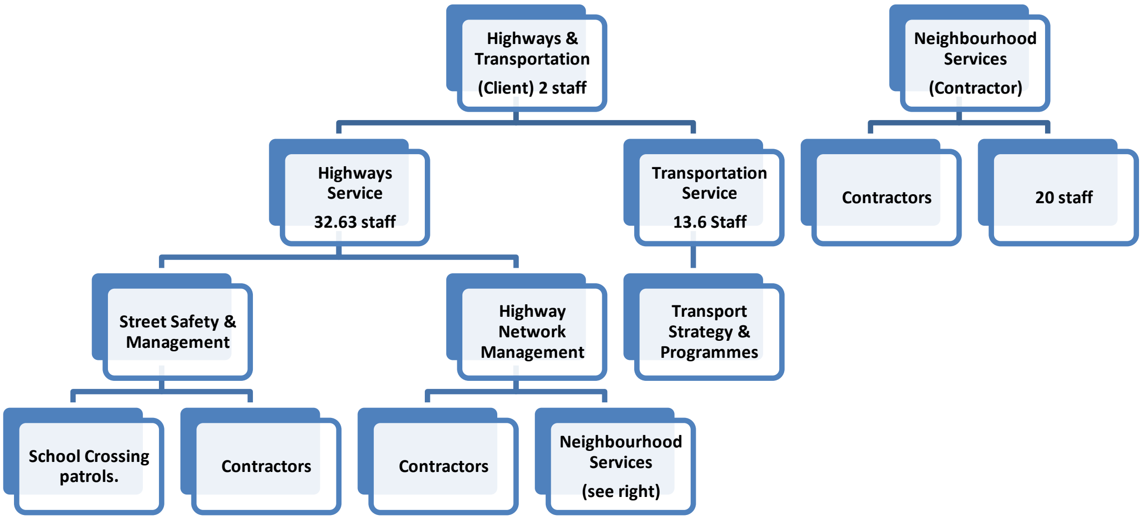
2.8.1. A new integrated passenger transport unit has been created. This unit is designed to create a single focus area to manage and support the delivery of passenger transport services.

2.8.2. This has resolved many of the issues relating to Passenger Transport and gives a clear strategy for the future. The areas needing review are therefore seen to be the areas relating to the Highways Service and the effect of the departmental split between that and the Neighbourhood services delivery arm.

2.8.3. The Council has also adopted a new long term Transport Strategy which has received widespread support from the community and sets a clear framework for moving forward.

3 Where are we now?

3.1. The current situation (shown diagrammatically below) despite changes in structures especially with Transportation Services, has on the Highways Service changed little since the Unitary Authority was formed in 1997. The split of work between Highways and Transportation Services as the "Client" and Neighbourhood Services as the "Contractor" with a number of Contractors working as if they were sub-contractors to them, reflects the Compulsory Competitive Tendering of the 1980s. This artificial split has led to significant complication of what should be a very simple internal structure, and has undoubtedly added costs into the service, through internal trading arrangements



3.2. Restructuring over the past 3 years has transformed the Highways and Transportation Services Group "Client" function from four service areas to the current two service area model to provide a clearer team and line management structure, as well as giving significant savings. However this did not resolve the artificial split between "Client" and "Contractor" roles.

3.3. The current Highways and Transportation Services Group contains 68 FTE staff spread across two service areas – 2 management, 13.6 staff in the Transportation service area and 32.63 staff in the Highways service area (including Client officers; Design Engineers; Project delivery teams and School crossing patrol staff).

3.4. The Neighbourhood Services also has 20 staff partly carrying out direct works and partly managing the wide range of contractors. This leads to confusion and duplication of work between the two Service Groups.

3.5. The OBC has looked at the staffing implications of each option in detail and for most of the options there would be implications both in terms of departmental structures and of staff numbers.

3.6. Due to Neighbourhood Services acting as the main contractor they have approximately 50 current contractual arrangements rather than a standard Highways and Street Lighting Term Contract arrangement with one Supplier covering all the works.

3.7. The initial desk-top review recognised that through restructuring, the number of staff has been reduced considerably. These reductions have already reduced the revenue budget by £977k over 3 years and has also provided improved programme and project management. This includes £355k which was due to the closure of the Thames Valley Safer Roads Partnership. The remaining staff are committed, experienced, and hold excellent levels of local knowledge. There are, however, gaps in in-house capacity and skills, leading to a reliance on contractors on both an ad hoc basis and through use of frameworks across almost every function. Based on staff interviews, capacity and skill gaps exist in detailed engineering design, highway maintenance (including bridges and street lighting), passenger transport, policy, smarter choices (options for sustainable modes of transport), programme management, parking, and community engagement.

3.8. From a procurement point of view the fact that there are nearly 50 different contract arrangements for work that is within the Highways and Transportation service is not best practice. As well as that there is the in-house provision delivered by Neighbourhood Services and the arrangements with Mouchel for various services including support arrangements. The contracts vary in length, some do not end till 2014 and one does not terminate till 2016. This will affect the options for procurement as there will be either a need to novate contracts, which was generally found to be unpopular with the Industry, or require a phased approach to inclusion in the new arrangement. It may also complicate the TUPE issues. (A number of these contracts have currently been let under short term arrangements pending the decision on the wider OBC)

4 Where do we want to be? - Aims and Objectives

4.1. The main aim and objective of this Outline Business Case (OBC) is to determine whether the current Highways and Transportation service can be improved in quality of the service provided without increasing the cost. Another aim is to determine whether driving efficiencies further can actually provide this improved service whilst delivering significant cost savings. This would drive 21st Century practices into this service area.

4.2. However, these are aims and objectives of the OBC. In order to see where we want to be we need to look at the bigger picture of the overall aims and objectives for all areas within Highways and Transportation including the work undertaken by Neighbourhood Services for Highways and Transportation, as well as work currently undertaken by Mouchel under their current Contract with the Council.

4.3. The key aims and objectives are seen to be to:

Reduce Cost Improve public perceptions of the service and in particular the condition of roads, footways and lighting in the borough. Provide a faster response to highways defects Improve quality of fault reporting data Reduce the likelihood of insurance claims resulting from accidents and injuries on the highway Increase management of congestion and the demands on the highway network as Milton Keynes grows and regenerates including greater emphasis on sustainable growth and reducing carbon emissions. Improve community engagement and media management.

5 How do we get there? Part 1 - Option Development and consultation with Industry

5.1. As a result of the desk top review a Delegated Decision was made on 21st December 2011 (See Appendix A for details) showing that the review had concluded that there were both service delivery and financial benefits to a partial outsourcing of highways and transportation functions to a Strategic Partner whilst retaining strategy and policy in-house. The financial benefits were assessed at the time to be in the region of £2m per annum.

5.2. The Delegated Decision also noted that the next step for this work was to develop an Outline Business Case (OBC) that validates the review conclusions and then, if validated, seek Cabinet approval to proceed with the identification and appointment of a Strategic Partner through tendering. In order to develop the OBC a Prior Information Notice (PIN) needed to be advertised in the Official Journal of the European Union (OJEU). The PIN would generate interest from Industry and open discussions facilitating an Industry Day which would quantify market appetite to take on the role of Strategic Partner. The advertising of PIN did not commit the Authority to proceed with the appointment of a Strategic Partner.

5.3. Following the Delegated Decision a Project Board was established with governance arrangements in line with the MK Approach. Further governance surety of the project was provided by regular reports to and challenge from the Organisational Transformation Programme board.

5.4. In order to expedite the process a consultant was appointed to assist the Council to deliver the Industry Day and Outline Business Case.

5.5. In line with the Delegated Decision the consultant reviewed the options in the desk top review so that they could be re-tested as part of the Outline Business Case development. A full review of the financial benefits of the models contained within the feasibility study, in conjunction with the Council's finance department, indicated that the OBC on its own would give rise to savings of the order of £2.0M per annum and even the savings that were achieved were mainly in terms of Capital rather than Revenue budgets. However, that in itself should not deter the process if the results would help in improved service provision.

5.6. Of consideration was that evidence from other Authorities who have fully outsourced their Highways are now reviewing this arrangement leading to many now bringing back in-house all or some of the service, see Appendix B for some key facts from recent Council decisions. .

5.7. To progress the Industry Day a wide scope was developed for the PIN in order to test wider options. A questionnaire was sent to each company that responded to the PIN. Then each company was invited to send delegates to the Industry Day (A detailed summary of the Industry Consultation Process is contained in Appendix C)

5.8. One of the chief aims of holding an Industry Day is to establish the interest from the market and the effect packaging of the Contract could have on the potential interest. The large level of interest from such a wide section of the market has helped confirm that there should be adequate interest from the market for any of the options considered.

5.9. Following feedback at the Industry Day it was decided that there was no benefit in further consideration of certain options, for example Industry providing upfront investment, as currently the Council can borrow money at a cheaper rate.

5.10. At the Industry Day a series of questions, originally posed in the Questionnaire, were asked again anonymously by interactive keypads. The major questions and the responses both from the Questionnaire and the Industry Day have been summarised in Appendix D.

5.11. Eight separate ideas (including the original desk top review models) were under consideration and these were put to the Industry in both the Questionnaire and on the Industry Day:

1. Full outsource of Highways and Transport Service
2. Partial Outsource of total Highways Service
3. Partial Outsource of total Transport Service
4. Top-up Consultancy Service for Highways and/or Transport
5. Term Contract for Highways and Street Lighting Work
6. Design and Build contract for large projects
7. Selection of above as Lots
8. Other

5.12. The Industry had a wide selection of views on the right solution for Milton Keynes Council and Appendix D gives several quotes from the Questionnaires and a table of preferences from the Industry.

5.13. The key finding was that the Industry has a clear appetite for working with Milton Keynes but they have a wide variety of views as to how the service could be best delivered. Therefore the Council decision should be based on what best meets its own requirements.

5.14. Other issues like benefits and risks associated with the outsourcing are also covered in the Appendix.

6 How do we get there? Part 2 - Detailed Options

6.1. Following the initial desk top review models and the ideas considered in the Questionnaire and the Industry Day a number of options have been considered. The 'Do Nothing' model considered in the desk top review has been discounted and the 'Business as Usual' model has been used as a base for comparison purposes (Option A). However, it is realised that the current plethora of contracts does not make sense, and many of the other options could be considered alongside keeping an in-house provision of any part of the service where it would provide best value.

6.2. As will be seen in section 7 below the Industry is confident savings can be made either by the use of a Term Contract or by a wider Strategic Partnership. The savings are likely to average around 10% over the whole life of the contract.

6.3. The parking service was removed from the OBC as this is currently subject to a separate retendering exercise. Further work has been carried out on developing the TMA, and the potential for capitalisation which will be explored in more detail in the options

6.4. The inclusion of Transport as part of the wider scope in order to test the previous assumptions through the industry consultation, showed that the market did not give any added benefit to this. Therefore as in the original desk-top review this was removed from the scope.

6.5. As part of the analysis eight different options were developed from the eight ideas considered as part of the Industry consultation and these are shown in Appendix E .

6.6. Further analysis led to an adaption of these resulting in four main options agreed by the project board, see Appendix F, with the scope reduced to Highways, Bridges and Street Lighting.

6.7. The four options are a progression from the current "business as usual" situation as Option A through to a full outsourcing of the work within scope in Option D. Therefore they can be seen as steps on a journey if the full outsourcing is seen as a desired destination. However, many Councils who have taken the full journey are now bringing their contracts back down the steps due to lessons learned.

Option A Business as usual (with on-going improvements as planned) including use of Midland Highway Alliance (MHA) framework contracts for large schemes and as Consultancy top-up and using Mouchel for certain skills shortages and support.

Option B A single Partnership Contract for a set period (known as a Term Contract in the industry) to any value (but not exclusive over £1.0M) plus use of MHA for large schemes and the MHA for Consultancy top-up and Mouchel for certain skills shortages and support.

Option C Partnership with Term Contract to any value (but not exclusive over £1.0M) but including Consultancy top-up. Still use Mouchel for certain skills shortages and support until end of existing contractual arrangement.

Option D Strategic Partnership with Term Contract to any value (but not exclusive over £1.0M) and full outsourcing of Consultancy. Still use Mouchel where contractually required until end of existing contractual arrangement.

6.8. In considering each option, the views of Industry, other Clients and the current views of the broader sector have been considered. Appendix B gives a summary of various decisions Councils have made over the last few months showing latest trends. Also a review of the financial assumptions made in the original desk top review has been undertaken and the costings of the new options are summarised in Appendix H. Some of the apparent benefits of the preferred model of the desk-top review were due to assumptions that are not based on the outsourcing but to different levels of income generation. These could be equally achieved by implementing the same income generating schemes internally.

6.9. The various options have been explained more fully and shown diagrammatically below including the staffing implications of each.

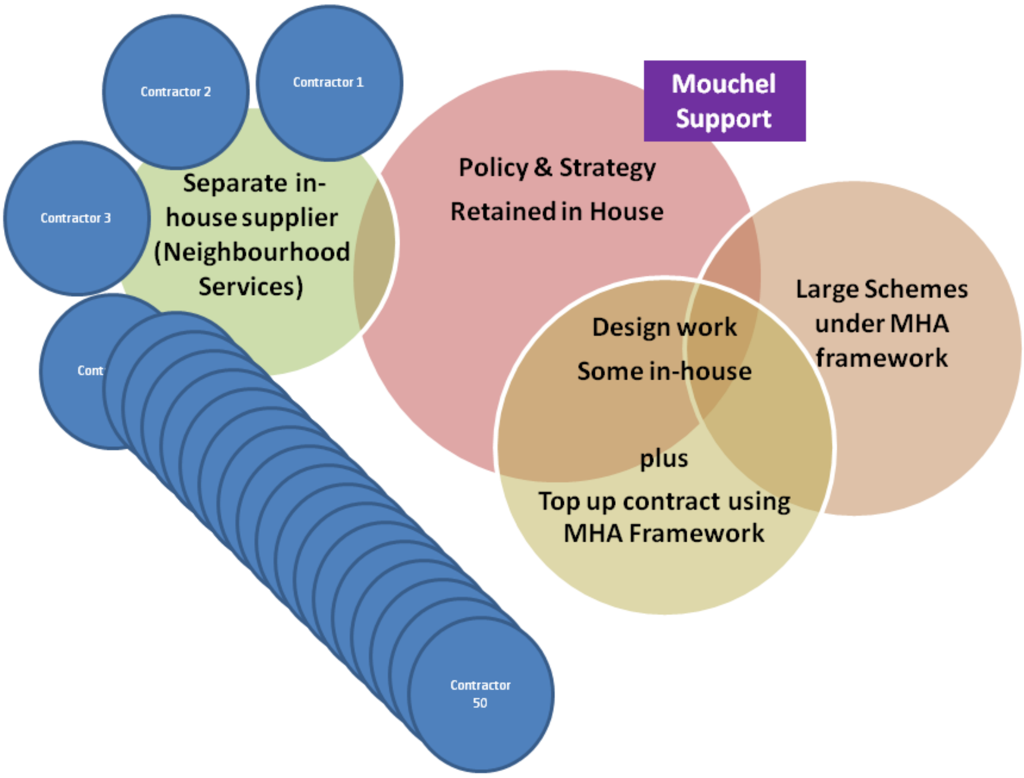
6.10. All options would require the Supplier to be involved in a partnership approach with Milton Keynes Council. Any solution must therefore include Early Contractor Involvement in the design process. If possible co-location of staff seems very important and if not possible then a staffed supplier desk at the Client offices and a staffed Client desk at the Suppliers offices would be essential.

6.11. Option A Business as usual

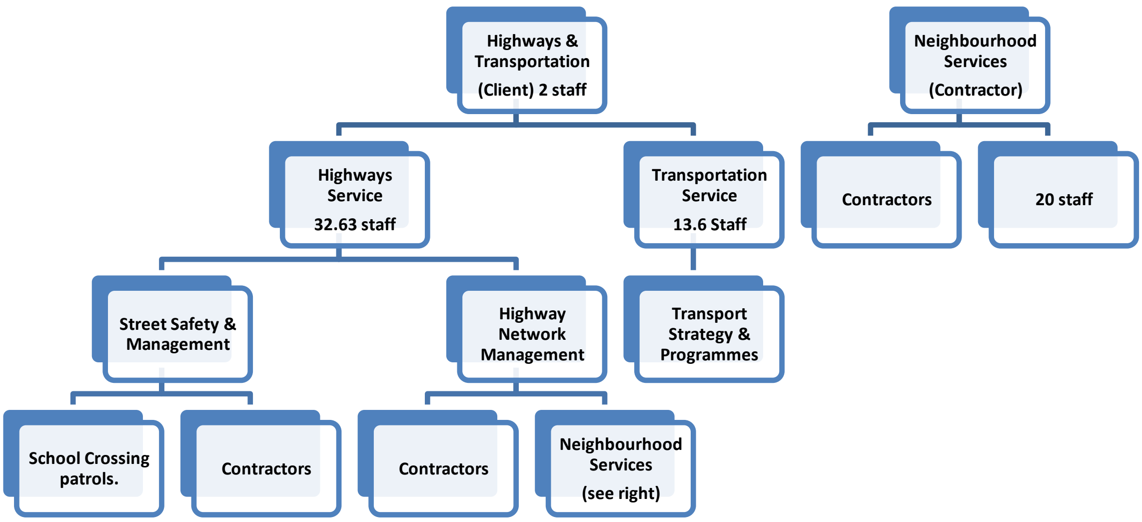
Business as usual (with on-going improvements as planned) including use of Midland Highway Alliance (MHA) framework contracts for large schemes and as Consultancy top-up and using Mouchel for certain skills shortages and support. Comments:

6.11.1. This is not a “Do Nothing” option but rather a continuation “as is” with continuous review and optimisation using the present review processes and meeting the Council’s changing requirements.

6.11.2. The current business model has many strengths and is argued by some to give the best option for small and medium size enterprises (SMEs) – particularly local ones to be able to deliver services at good value. A number of Councils are bringing work back in-house with this type of mixed economy of SMEs supporting an in-house service. However, the weaknesses of the current model were highlighted in the previous review and although it would be possible to recruit the needed extra skills it is not necessarily the best option for the Council. The challenge to make a significant step change without a structural or contractual change would be difficult. The consultancy work will continue to be topped up using the MHA and that is seen to be giving a 9% saving. By continuing to test the market locally and by combining contracts where appropriate in the future a further 5% saving is estimated on the work covered by Neighbourhood Services. With this option there is no loss of income.



6.11.3. This option does not have any staffing changes at this stage, but will be subject to continuous review and optimisation using the present review processes and meeting the Council's changing requirements. So the staffing structure would be as currently (shown again below):



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6.12. Option B Partnership for Term Contract

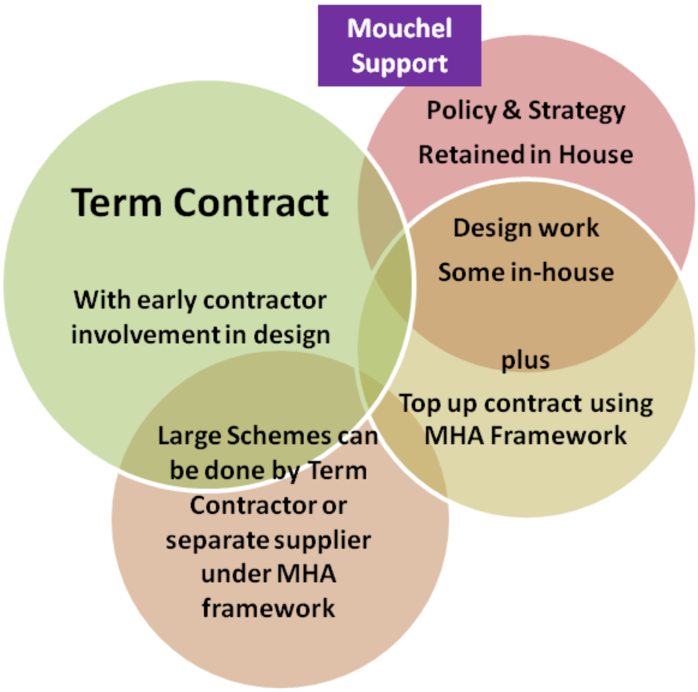
A single Partnership Contract for a set period (known as a Term Contract) to any value (but not exclusive over £1.0M) plus use of MHA for large schemes and the MHA for Consultancy top-up and Mouchel for certain skills shortages and support.

6.12.1. This option would remove the plethora of contractual arrangements (of almost a ‘sub-contract’ nature through the in-house provider). Although the current situation is arguably the best option for small and medium size enterprises (SMEs) it does not normally achieve the value for money of a larger, longer contract often referred to as a Term Contract or Term Maintenance Contract (TMC). However, this option does enable medium sized businesses to tender and will also often enable a number of small enterprises to act as specialist sub-contractors whilst gaining the benefit of the larger contractor’s safety and technology systems.

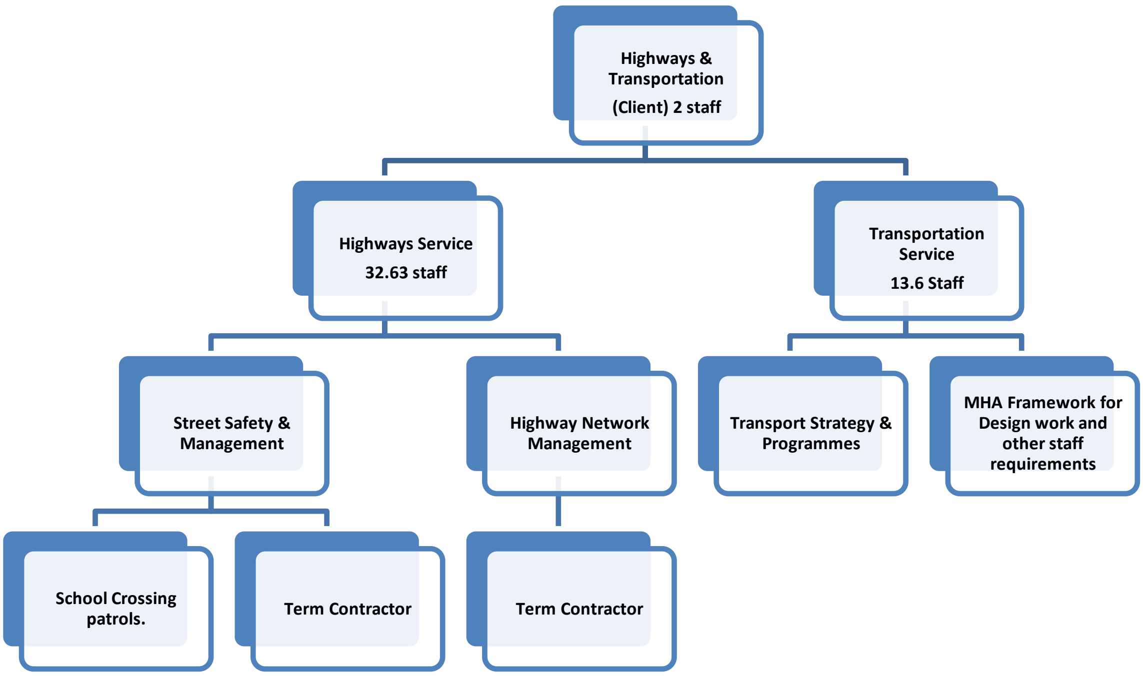
6.12.2. The TMC can be for the whole of the works or for Highways and Lighting as two separate Lots. Under this option either would be possible. In some places further division of lots for smaller patching work and larger schemes have been used, but this has been found to rarely give better value and just leads to too many interfaces between Contractors.

6.12.3. The risks with the interface even between a Highways and a Street Lighting Contractor would favour a single Term Contract. The fact that a larger sized business would be likely to win this type of work would enable wider experience to be brought into the Council including new technology and other innovations at reasonable cost, and likely to provide better control and level of service provision probably at a cheaper price.

6.12.4. The reason for the contract to be for orders of any value but not exclusive over £1.0M is that this will give the ability for the Council to use this contract for any Capital schemes if desired, but not to restrict the Council for schemes of high value if better value is found to be by separate procurement arrangements.



6.12.5. This option would give the opportunity to combine the staffing structure into a single client within one department (rather than the current two). The following staffing changes are obviously subject to the normal Council processes but are recommended to save duplication and ensure a clear line management. So the suggested staffing structure would be as shown below, which gives a reduction of over 20 staff who will probably TUPE to the new contractor subject to consultation. A further potential reduction of 7 FTE's has also been identified, but again this is subject to the Council's normal consultation process:

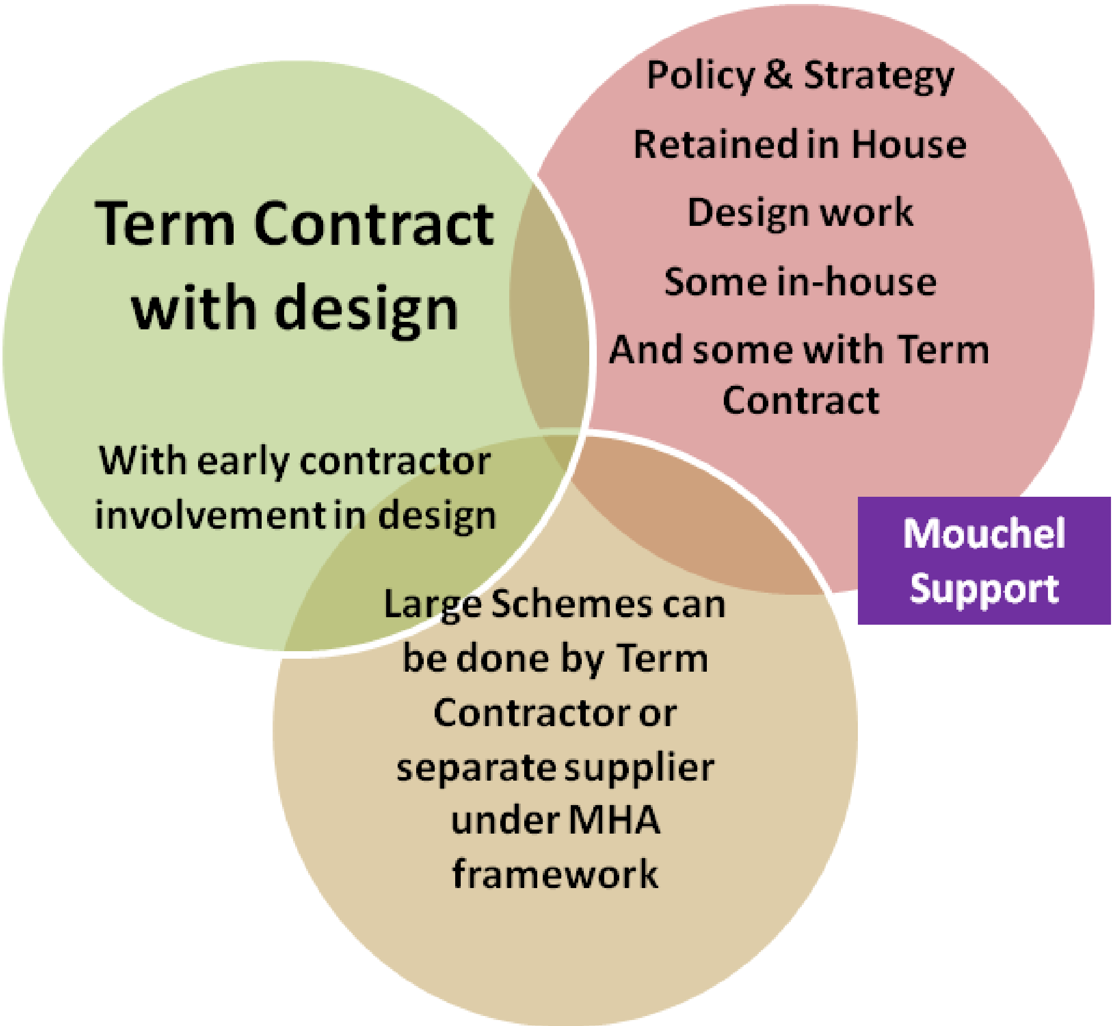


6.13. Option C Partnership for Term Contract including Consultancy top-up.

Partnership with Term Contract to any value (but not exclusive over £1.0M) but including Consultancy top-up. Still use Mouchel for certain skills shortages and support until end of existing contractual arrangement.

6.13.1. This option is very similar to Option B but instead of using the MHA to Top-up this has a single supplier/partner for both the TMC and the Top-up consultancy work.

6.13.2. This option reduces the risks associated with full outsourcing (see Option D), but retains the option to outsource further, at a later stage. This would fully outsource the Operational aspects in a Term Contract arrangement but would allow a Strategic Partnership approach using NEC 3 contracts. This could lead to immediate savings at low risk but allowing for further areas of outsourcing to be included as the Mouchel contract ends and if seen to be beneficial when staff leave or as a planned step change to outsource the design side.



6.13.3. This option would, like Option B, give the opportunity to combine the staffing structure into a single client within one department (rather than the current two). The structure would be the same as Option B except there would not be

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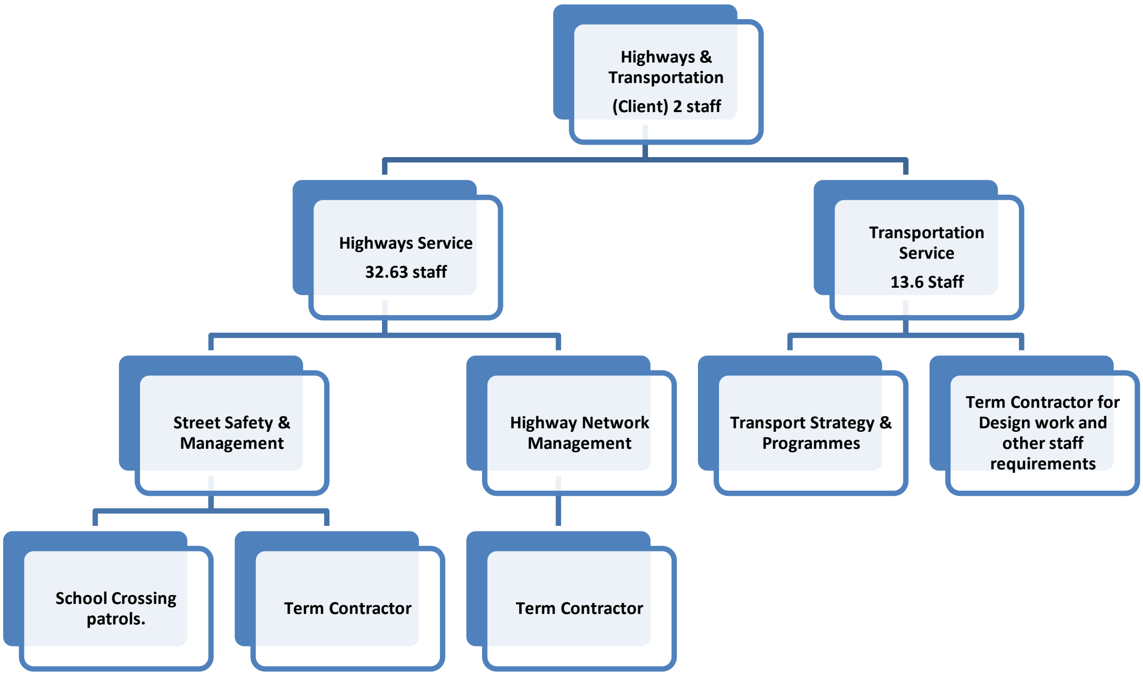
a need for a separate contractor for the Design top-up. Again the staffing changes are obviously subject to the normal Council processes but are recommended to save duplication and ensure a clear line management. So the suggested staffing structure would be as shown below, which gives a reduction of 20 staff who will probably TUPE to the new contractor:



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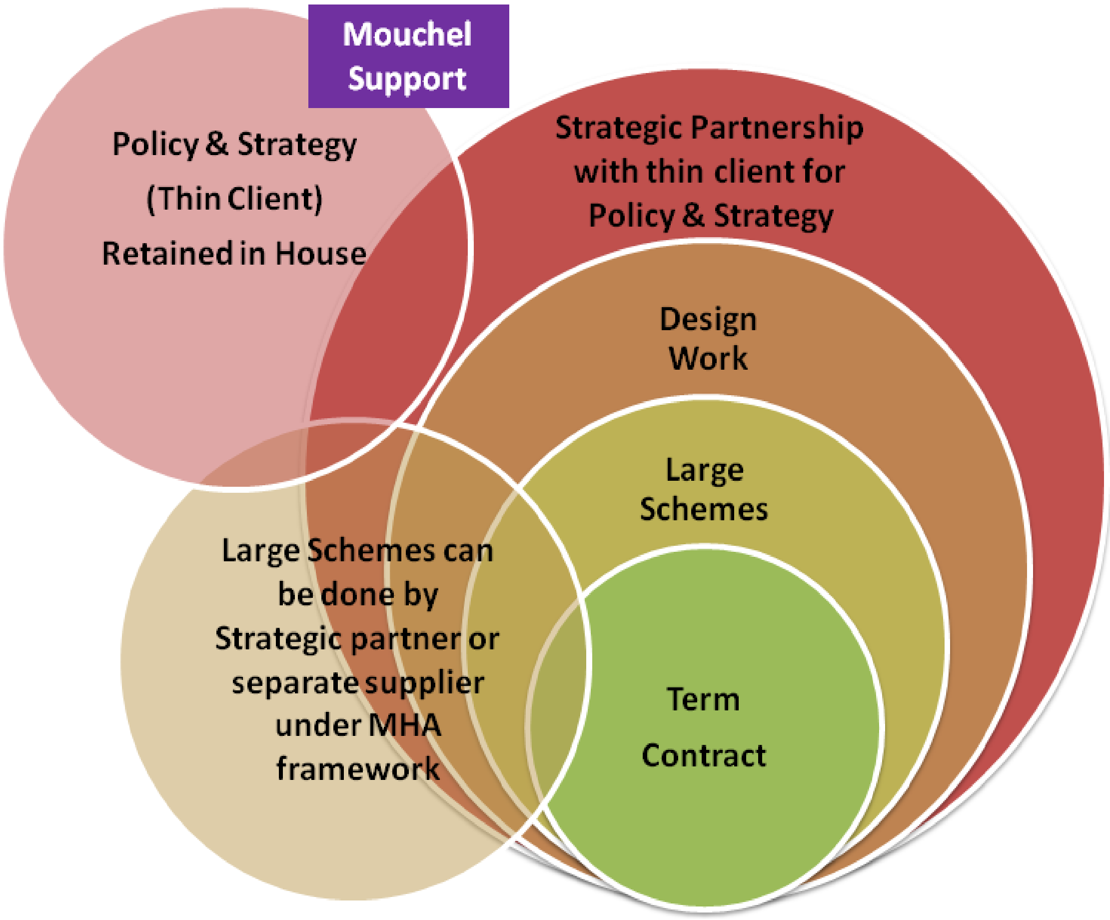
6.14. Option D Strategic Partnership of Term Contract and Consultancy

Strategic Partnership with Term Contract to any value (but not exclusive over £1.0M) and full outsourcing of Consultancy. Still use Mouchel where contractually required until end of existing contractual arrangement.

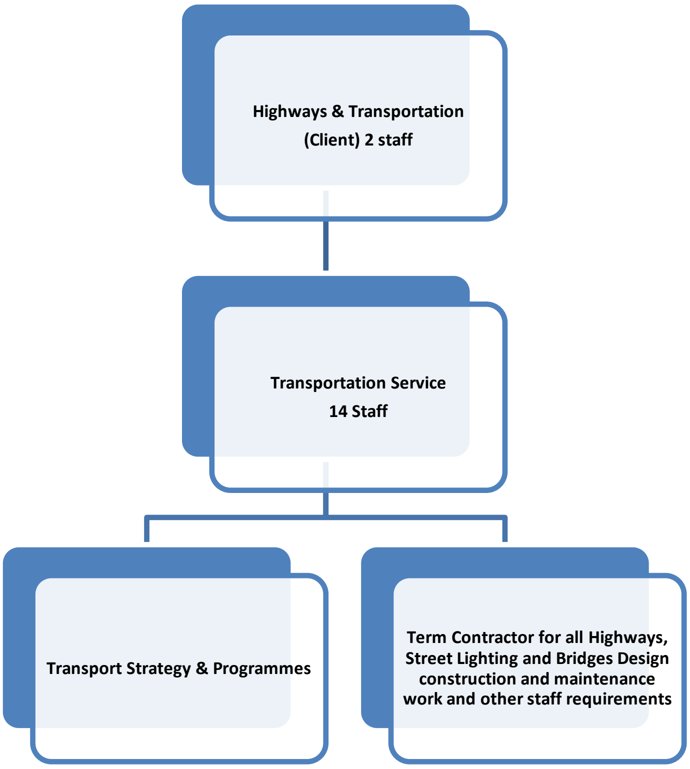
6.14.1. This is well known by the Industry where the scope is restricted to Highways (including Street Lighting and Structures) and is an arrangement that has been used by the Highways Agency over the last 10 years or more and by many Councils since.

6.14.2. It is interesting that a number of Councils have veered away from this recently although most of that seems to be due to financial control and form of actual pricing mechanisms.

6.14.3. If this option were agreed it would probably be best to use a Schedule of Rates (SoR) pricing mechanism as is normal on Term Maintenance Contracts rather than Target Price or Open Book Accountancy methods where Councils' have sometimes lost financial control.



6.14.4. This option would, like Options B and C, give the opportunity to combine the staffing structure into a single client within one department (rather than the current two). The structure would be reduced to the size of the strategic client and transport Services plus the school crossing patrols. Again the staffing changes are obviously subject to the normal Council processes. So the suggested staffing structure would be as shown below, which gives a reduction of 66 staff (including the school crossing patrols) who will probably TUPE to the new contractor:



7 How do we get there? Part 3 - Option Analysis (pro's and con's)

7.1. Pro's and Con's

7.1.1. In order to determine the best option for the Council several factors need to be considered and lined up with the aims and objectives as given earlier and repeated below:

Reduced Costs Improve public perceptions of the service and in particular the condition of roads, footways and lighting in the borough. Provide a faster response to highways defects Improve quality of fault reporting data Reduce the likelihood of insurance claims resulting from accidents and injuries on the highway Increase management of congestion and the demands on the highway network as Milton Keynes grows and regenerates including greater emphasis on sustainable growth and reducing carbon emissions. Improve community engagement and media management.

7.1.2. In considering each option there are Pro's and Con's a summary table has been produced below that helps identify the various advantages and disadvantages.

OPTION	Advantages (pros)	Disadvantages (cons)
Option A	The business as usual option has no risks in terms of change.	Gives no opportunity for step change.
Option B	Low risk - proven method. Low procurement costs in comparison with Options C and D as restricted procedure used. MHA framework for the Top-up work is already used and proven. Clearer lines of responsibility internally than option A Brings new technology to the Council Brings innovation to the Council Brings right first time inspect & fix No costs of reworking Ability for Early Contractor involvement in all designs	Would need Contract Management training for staff. Would lose internal trading surpluses Would require TUPE transfer of about 20 staff from the Council and a significant potential number (unknown) from contractors.
Option C	Lower procurement costs than Option D but almost certainly higher then Option B Clearer lines of responsibility internally than Option A.	Medium Risk as Contractually "all eggs in one basket" except for in-house cover for the Consultancy Would need Contract Management training for staff

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	Brings new technology to the Council Brings innovation to the Council Brings right first time inspect & fix No costs of reworking Ability for Early Contractor involvement in all designs	Would require TUPE transfer of about 20 staff from the Council and a significant potential number (unknown) from contractors.
Option D	Clearer lines of responsibility internally than Option A Brings new technology to the Council Brings innovation to the Council Brings right first time inspect & fix No costs of reworking Ability for Early Contractor involvement in all designs	High Risk as "all eggs in one basket" as no in-house cover. Would require TUPE transfer of over 47 staff from the Council and a significant potential number (unknown) from contractors. Risk of poor public perception. Can lead to lack of control if Management of Contract not adequate. High procurement costs as Competitive Dialogue might be required to ensure best solution.

7.1.3. The above table shows that there are similar benefits in many of the options and so to look at the aims and objectives shows that all the procurement options seem to be able to meet these as below:

Aim and Objective:	Options likely to meet
Improve public perceptions of the service and in particular the condition of roads, footways and lighting in the borough.	Options B, C and D Option A is unlikely to give adequate stimulus to change.
Provide a faster response to highways defects	Options B, C and D
Improve quality of fault reporting data	Options B, C and D
Reduce the likelihood of insurance claims resulting from accidents and injuries on the highway	Options B, C and D
Increase management of congestion and the demands on the highway network as Milton Keynes grows and regenerates including greater emphasis on sustainable growth and reducing carbon emissions.	Options B, C and D
Improve community engagement and media management	Options B, C and D

7.1.4. Therefore in order to choose the best option out of Options B, C and D a wider look at the potential savings, costs, benefits and risks is required, in conjunction with the aims of the OBC. Especially as to how best to drive 21st Century practices into this service area.

7.2. Savings

7.2.1. The following savings are specific to the procurement options. The overall potential savings are both generated by restructuring, capital investment and by increased income Permitting of the Utility Companies and the retender of the parking contract..

7.2.2. The Industry clearly expects the action of procurement to drive out savings and in order to identify the potential for this an additional questionnaire was sent out following the Industry Day to try to see what level of savings could be achieved. The responses are detailed in Appendix D1

7.2.3. Interestingly the one supplier suggested lifetime savings significantly greater on a Term Contract rather than on a full outsourcing and the other supplier the reverse.

7.2.4. By averaging the two responses the resulting percentage savings have been used in the financial projections as follows:

For Term Contract assume a saving of 11.08%
For a Full outsourcing assume a figure of 10.76%

The MHA has found that using the Framework has given a 9% saving on the Consultancy work and this is assumed for the relevant work under both options B and C.

7.2.5. On these assumptions the costings of each option is detailed in Appendix H

7.2.6. The full year revenue savings of each option as tabulated below:

Full Year Revenue Savings	**Option A**	**Option B**	**Option C**	**Option D**
	£	**£**	**£**	**£**
OBC savings				
OBC Option Saving	0	(693,457)	(639,457)	(633,040)
Restructuring	0	(185,100)	(185,100)	(217,392)
Loss of Revenue contribution from capital	0	699,451	699,451	699,451
Other savings				
Introduction of TMA Permit Scheme	(160,000)	(160,000)	(160,000)	(160,000)
Retendering of Parking Contract	(200,000)	(200,000)	(200,000)	(200,000)
Capitalisation	0	(900,000)	(900,000)	(900,000)
Infrastructure Investment 2015/16 onwards*	(642,000)	(642,000)	(642,000)	(642,000)
Total Savings	(1,002,000)	(2,081,106)	(2,027,106)	(2,052,981)

* would not be effective until 2015/16 due to profile of investment

Savings in 2013/14 would be proportionally less to allow for the planned start date of the 1/10/13 and potential redundancy costs.

7.2.7. A summary of potential savings, or more correctly, potential increased value for money, on capital works of each option is tabulated below:

Impact on Capital Programme (LTP only)	**Option A**	**Option B**	**Option C**	**Option D**
	£	**£**	**£**	**£**
Potential Increased value for money	0	(1,175,319)	(1,175,319)	(1,186,772)

7.2.8. The total impact that the potential increased value for money could have on the large planned Capital investment of £45 Million is summarised below:

Total Impact on Planned Capital Investment in Infrastructure (Planned £45m)

	Option A	**Option B**	**Option C**	**Option D**
	£	**£**	**£**	**£**
Potential Increased value for money on capital investment works	0	(3,739,500)	(3,739,500)	(4,842,000)

7.2.9. In summary then the benefits of Capital savings will in itself lead to a reduction in revenue costs. There will also be the ability to increase income outside of the procurement options for example maximising fees and parking income as well as potential permitting for Utilities under the Traffic Management Act. The value of this additional income potential together with the benefits of Capital savings reducing revenue cost is estimated to be in the region of £0.65M in 2013/14 rising to around £1.7M in 2015/16. The proposed contractual arrangement will lead to a restructuring which should also lead to savings estimated to be of the order of £40k in 2013/14 rising to £185k by 2014/15.

7.3. Costs of procurement

7.3.1. The major costs will be of a one off nature and will be the costs associated with procuring the contract.

7.3.2. The Midlands Highways Alliance (MHA) has estimated that the stand-alone costs of procuring this type of contract are in the region of £300k on a one-off basis, if using the Restricted Tender procedure.

7.3.3. Evidence suggest that for a Competitive Dialogue this can run into double that figure or more, just to the Council without taking into account the costs to the Tenderers which will therefore be built into their tendered rates.

7.3.4. Much of the cost is in releasing people internally to write documents and therefore backfilling their posts for normal service delivery. However, there is also a likelihood of some need for Consultancy support to ensure that the project is delivered on time.

7.3.5. The costs, according to the MHA, may reduce to only about £100k if standard documents are used. This would need to be assessed before any final decision is made.

7.3.6. Therefore Option one-off costs can be tabulated as follows:

OPTION	One off costs
Option A	None
Option B	Around £300,000 possibly reducing to £100,000 if using the MHA documents.
Option C	Between £300,000 and £400,000
Option D	In excess of £600,000

7.4. **Quality of Service Provision**

7.4.1. There is clearly a balance between cost and quality of service provision and this procurement would be evaluated on the basis of the Most Economically Advantageous Tender (MEAT).

7.4.2. Some of the current weaknesses in the provision of services would become key aspects of the quality evaluation and therefore would be almost certain to enhance the current service.

7.4.3. Innovation and new technology could easily be part of the evaluation criteria and will guide the prospective Suppliers in their proposals.

7.4.4. In general, although there is always a risk of reduction in quality of service provision on outsourcing, if the current staff transfer under TUPE to the new Supplier, that is unlikely, and it is more likely that the innovation and introduction of new technology will enhance the quality of service.

7.4.5. Options B, C or D are all expected to provide a similar level of improvement of the overall Quality of Service.

7.5. Risks

7.5.1. There are clearly risks involved in any procurement. The risks for four options have been summarised in each of the Options sheets in Appendix F and summarised below:

OPTION	Risks	Mitigations/Benefits
Option A	The business as usual option has no risks in terms of change, but gives no opportunity for step change.	Could carry out an internal Lean review (now used by the Highways Agency) which is a systems thinking approach. This could be done with any of the options, or required under the contract.
Option B	Low risk - proven method can include more than one provider (e.g. servicing specific geographical areas of the Borough) if desired. Could run alongside in-house provision. And MHA is providing a framework for the Top-up work.	Would need Contract Management but by using standard NEC Term contract (or similar), subject to a skills audit of the client, , staff can be trained up to the required standard.

Option C	Medium Risk as Contractually "all eggs in one basket" except for in-house cover for the Consultancy.	Would need Contract Management but by using standard NEC Term contract (or similar), subject to a skills audit of the client, staff can be trained up to the required standard.
Option D	Often considered High Risk as "all eggs in one basket" as no in-house cover and can lead to lack of control if Management of Contract not adequate.	Could solve all perceived problems if properly controlled – would need a skills audit and training of thin Client to ensure proper Management of Contract.

7.5.2. There are a number of other risks that are inherent in any Highways procurement process. These may be primarily to Milton Keynes Council as Client but also some will be shared with the Service Supplier. These are tabulated in Appendix L

7.6. Preferred option

7.6.1. The Highways Delivery options are changing in many places at this time. Several Authorities who have fully outsourced their Highways, following review, are now bringing back in-house all or some of the services. Appendix B gives a summary of recent decisions by other Councils. The traditional contracts have served well but in the current economic climate Councils' are looking at new ways of pulling out the greatest savings whilst still maintaining an acceptable level of control. The full or partial outsourcing options would be a large step change for Milton Keynes Council in the light of the current situation of about 50 different contractual and service delivery arrangements.

7.6.2. Following a review of all the options and the detailed analysis on the four options detailed above, **Option B** is the preferred option which will be recommended to Members. This would be very straightforward to procure and would be readily understood by the market using a standard form of Term Contract. It could still be able to be delivered by October 2013, and tender evaluation criteria could be developed that encouraged use of SME's to boost the local economy. Other benefits of this option are that there seems to be a move towards this type of approach by leading experts in the field and by a number of other Councils.

7.6.3. This option is also seen as low risk whilst delivering good potential savings, especially in the short to medium term.

7.6.4. Option B enables the development of a stronger more expert in-house Client whilst obtaining the financial savings at a similar level with much lower risk than either Options C or D.

7.6.5. It is considered that Options C or D would be steps too far at this stage for the Council, especially in the light of recent decisions by other Councils that had gone for full outsourcing now bringing some of the functions back in-house. Their experiences have given them insight into the problems with full outsourcing and Milton Keynes can learn from their experience.

7.6.6. This partnering term contract proposal is significantly different from the existing arrangements, taking into account the lessons learnt from existing practices, by introducing a range of performance criteria. This proposal will be designed to address the concerns of Members and residents on quality, performance, workmanship and timelines of delivery.

7.6.7. The emphasis will be on partnership working, ensuring that the Council's values and objectives are delivered through its third party partner. The proposed contract will also cover sustainability objectives, employment opportunities, better communication, branding and joint working to provide more effective and responsive services to our residents.

7.6.8. The main goals will be to:

- Maximise the opportunities for efficiencies (cashable and non-cashable)
- Create a 'One Team' culture with unified branding and values
- Benefit from reduced network occupancy through co-ordinated working
- Reduce our administration burden with a single provider
- Generate greater community job benefits through apprentice and trainee opportunities.

7.6.9. Working in Partnership

7.6.9.1. The culture will instil a collaborative approach to delivery. The operation of such a contract will be in the spirit of partnership working, generating pride in Milton Keynes. The partnership will use the opportunity to recruit staff from within MK and provide opportunities for trainee schemes.

7.6.10. Keeping the Network Moving

7.6.10.1. Managing the highway works proactively will ensure maximum network availability which is critical to reducing congestion and ensuring the economic wellbeing of MK. Minimising the impact of works, undertaking works off-peak and in a co-ordinated manner. Through a robust Network Management Plan we will co-ordinate works with all users and providers, Statutory Undertakers and the local bus companies. Residents will be informed and fully engaged with works through a contract specific Public Engagement Plan.

7.6.11. Maximising our Budgets

7.6.11.1. We will maximise our budget and provide opportunity to reinvest into the highways asset with the partner by delivering cost/efficiency savings through productivity improvements, the introduction of technology to allow real-time visibility of operations, and energy management.

7.6.12. Performance Management

7.6.12.1. Performance measures will be aligned to our corporate priorities to ensure relevance demonstrating continual improvement over the life of the contract. They will be likely to include: Quality of Work; Safety; Consideration to the Public; Delivery within Time Requirements; and Innovation and Sustainability.

7.6.13. Benefits

7.6.13.1. Through this proposal the Council will have the capability to construct, at reasonable but varying periods of notice, and within reasonable time periods, civil engineering works, principally comprising, but not limited to:

- footway or carriageway construction or reconstruction works,
- Routine highways and footways responsive maintenance
- 24/7 emergency response
- Cyclic works
- traffic management works,
- road safety works
- bridges maintenance repairs,
- highways verge maintenance,
- drainage,
- duct installation works,
- street lighting inspect (scouting) and fix
- street lighting design & deliver capital schemes
- inspections,
- winter maintenance,
- capital investment works,
- lining & signage and environmental improvement works which may be on or off the highway.

7.6.13.2. There will also be benefits in terms of achieving the main aims and objectives:

- To improve public perceptions on the condition of roads, footways and lighting in the borough
- A faster response to highways defects
- To improve quality of fault reporting data
- To reduce the likelihood of insurance claims resulting from accidents and injuries on the highway

7.6.13.3. There will also be benefits of having a fully integrated Responsive Highways Repairs Service based on 3 key components:

- Inspect and Fix
- Next Day Fix – (reported faults)
- Back Office Improvements

7.6.13.4. The term contract will also emphasise the need to develop enhanced sustainability requirements. This will include the requirement to develop a Sustainability Action Plan for the delivery of the service to ensure that it uses working methods, equipment and materials that will improve sustainability of delivering requirements, with particular emphasis on the following objectives in line with the Council's Low Carbon and Action Plan strategy:

- increased recycled content
- reduced transport distances
- whole life cost considerations
- reduced energy use and CO_2 emissions
- waste reduction
- reducing impact on the community i.e. noise & disruption

7.6.13.5. Other benefits of a term contract include:

- Requirement to register under the Considerate Constructor Scheme

- Ability to use Council Branding in vehicle livery to show Milton Keynes Council actively working on Highways, Street Lighting and Bridge works.
- Prompt Payment of Sub-Contractors
- Opportunity for both the client and partner to co-locate necessary staff as part of the council's accommodation savings.
- Delivery of services to the highest standards.

8 How do we get there? Part 4 - Procurement

8.1. The preferred option will need to be procured and using the Restricted Tender procedure a timetable is given that would enable the contract to be in place by October 2013. This is important with a Highways Contract as the Winter Gritting function needs to be handed over prior to the start of the Winter season.

8.2. It is recommended that procurement under the Restricted Tender procedure using NEC3 Term Contract be agreed by Members at Cabinet in July 2012, using, if possible, the MHA standardised documentation.

8.3. It is noted that if the MHA standardised document is used Milton Keynes will be supported by the expert MHA board which is chaired by the HMEP/DfT lead (Matthew Lugg) and offers expert guidance and support. This process places Milton Keynes at the forefront and adds to council's reputation

8.4. In order to achieve the timescales it is suggested that work on the documentation is started prior to the Cabinet meeting.

8.5. It is also thought useful to arrange a further series of industry interviews once Cabinet have made their decision to check with the Industry details on the actual information they would require, the timescales they would need and their view of the following specifics:

- The use of the NEC 3 Term Contract
- The use of the MHA standardised documentation, if available.
- The use of the new Price Adjustment Formulae Indices (Highway Maintenance) 2010 that some of the Industry recommended, and how that would reduce risk to both parties with instability in the materials market.
- The basis of exclusivity for works orders up to £1.0M but could the option to use the contract for orders of any value in excess of £1.0M but that the Council reserves the right to put these out to contract separately at its sole discretion
- The length of the Contract Term which it is currently proposed would be 7 years with 3 years extension.
- The use of Key performance Indicators and how that could be used for continuous improvement.
- The scope of the contract.
- Any other issues that the procurement team wish to check with the market prior to OJEU

8.6. This would then be followed with an OJEU notice being published in August 2012 with a Pre-qualification Questionnaire (PQQ) to select the short-list in October 2012

8.7. The Invitation to Tender (ITT) would then need to be ready which would require the following documents to be sent out:

- Instructions for Tender
- Form of Contract
- Specification
- Standard Details including drawings

- Asset Register
- Evaluation Criteria and Model
- Lease agreements for depot and other assets
- TUPE information

8.8. The timescales envisaged using the Restricted Tender procedure are given in Appendix J

8.9. The scope of the OJEU notice is designed to keep it as open as possible to allow for any extra areas that may be added in later. It is broadly Highway maintenance work: including carriageway, footway and cycleway construction and resurfacing works; bridge inspections and construction and maintenance work; drainage works; public-lighting and traffic light installation and maintenance; winter service; signage; road markings; traffic control and monitoring services; project management consultancy services. For the full scope see Appendix K.

8.10. There are some ways of reducing the amount of work involved instead of writing all of the documents from scratch. Both regionally and nationally groups are working to produce standardised documentation. The main two are a national one produced by the Highways Maintenance Efficiency Programme (HMEP) which is a Government funded sector-led transformation programme to maximise returns from highways investment and delivery efficiency and a regional one being produced by the Midland Highways Alliance (MHA) of which Milton Keynes Council is already a member.

8.11. Due to the fact that Milton Keynes Council is already a member of the MHA this is seen as the preferred option and will be used if the documentation suits and is available within the necessary timescale. Otherwise the Council will have to write its own and this may require additional resources to ensure delivery within the required timeframe.

8.12. It is understood the MHA have produced this standard Term maintenance Contract and it is currently being piloted by Nottinghamshire County Council and the MHA are currently looking for the next tranche of authorities to use it, probably in the summer.

8.13. The MHA term working group has estimated that an external procurement of term maintenance delivery is costing in the region of £300k per procurement process. If Milton Keynes procurement was to go ahead for 2013 then it could act as a pilot project to the MHA term working group current focus by utilising the common MHA term Contract that has already been developed. This is estimated by the MHA to reduce the cost to the order of £100k. It is also noted that the HMEP is currently considering rolling out a standard form of highway maintenance contract documentation, nationally, based on the work being undertaken within the MHA.

8.14. Using the MHA contract would also have the added advantage of incorporating the current best practice principles and full collaboration through a fast track established route to delivering efficient & effective services. Milton Keynes Council would become a leading Authority in procuring through the common contract and would realise the benefits of support and lessons learnt through the term community and enable common benchmarking facilities.

8.15. The Council would still need to produce any extra clauses and provide its:

- Asset Register
- Evaluation Criteria and Model
- Lease agreements for depot and other assets
- TUPE Information.

9 How do we stay there?

9.1. The OBC is mainly about reviewing the current need to change, and how to then change. However, it is important that the benefits of the process and the resulting outcomes are not only maintained but continued to be reviewed as part of the continuous improvement.

9.2. There is undoubtedly a need for training of the in-house Client to manage the new contract but this is only part of the on-going needs. There are a number of techniques available for looking at process review, many of which are now used widely in the Industry. Lean systems are now being used by many companies in the Highways sector and also by some local Authorities.

9.3. Whilst it is envisaged to make savings on capital and revenue works in the first year, it is proposed to offset some of these to ensure appropriate software and hardware are in place to enable integrated systems with the new Supplier.

9.4. In order to start the process of continuous improvement it is suggested that a gap analysis review is carried out once the procurement has been progressed but before the new Contract is mobilised. This will help identify any competency or process issues that might hinder the full benefits being realised, and lead to smarter working.

Appendices

Appendix A Delegated Decision 21st December 2011

TITLE OF REPORT: Organisational Transformation Programme (OTP) Review of the Longer Term Delivery of Highways and Transportation Services
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Executive Summary:
As part of the Organisational Transformation Programme (OTP) a review of the longer term delivery of Highways and Transportation services has been undertaken.
The review concluded that there are both service delivery and financial benefits to a partial outsourcing of highways and transportation functions to a Strategic Partner whilst retaining strategy and policy in-house. The financial benefits could be in the region of £2m per annum.
The next step for this work is to develop an Outline Business Case (OBC) that validates the review conclusions and then to seek Cabinet approval to proceed with the identification and appointment of a Strategic Partner through tendering. In order to develop the OBC a Prior Information Notice (PIN) needs to be advertised in the Official Journal of the European Union (OJEU). The PIN will generate interest from industry and open discussions facilitating an industry day which will quantify market appetite to take on the role of Strategic Partner. The advertising of PIN does not commit the Authority to proceed with the appointment of a Strategic Partner.

1. **Recommendation(s)**

(a) That Council proceeds with the issue of the Prior Information Notice in the Official Journal of the European Union in order to test industry appetite.

(b) That an Outline Business Case and recommendation is developed based on industry response and brought to Cabinet for approval in June 2012.

2. **Issues**

2.1 The review concluded that service and financial benefits of up to £2m per annum could be derived from appointing a Strategic Partner to deliver highways and transportation functions whilst retaining strategy and policy in-house.

2.2 Table 1 below details the services which are considered to be in and out of scope. Those considered in scope could potentially be delivered by a Strategic Partner.

Table 1

In Scope Functions (Highways)	Out of Scope Functions (Transport)
All highway maintenance (Inc. footway and carriageway)functions including: • routine maintenance; • surfacing; • emergency response; • bridge maintenance; • grounds maintenance (excluding landscaping and grass cutting); • drainage; • street lighting; • winter maintenance; and • lining and signage.	All transportation functions including: • strategy & policy development; • central government and European Union funding bids; • passenger transport (already with Mouchel); • land charges; and • strategic parking
Road Safety	
Traffic management	
Programme and project management of transport and highways services	
Parking Operations	

2.4 To ensure that the OBC is robust it is necessary to engage with potential industry suppliers. This can be achieved by issuing a Prior Information Notice to the market and holding an industry day, this will then allow the Council to test industry appetite first hand and confirm which services should be in scope. It will also allow the Council to better understand the service and financial benefits that may be achieved.

2.5 The issuing of the PIN is the first step that could lead to the eventual appointment of a Strategic Partner; it does not commit the Council to proceed with the appointment of a Strategic Partner. The second step is production of the OBC which will be submitted to Cabinet for approval. This will lead to the commencement of a procurement process.

2.6 The result of this testing will be the development of an Outline Business Case to be brought before Cabinet in June 2012.

2.7 The Outline Business Case will incorporate the principles of the public access strategy that is being presented to Cabinet in January 2012.

3. **Alternative Options**

3.1 The review also considered a number of other options including continuing with business as usual and a full outsourcing of all the existing functions delivered by Highways and Transportation.

3.2 The review concluded that the other options would not generate an equivalent scale of service and financial benefits within an acceptable timeframe and at the same level of risk. These options will be re-tested as part of the Outline Business Case development.

4. **Implications**

4.1 Policy

There are no implications as a result of this Delegated Decision; Cabinet will have three opportunities to review this work going forward:

- In June 2012 when Cabinet is asked to approve the Outline Business Case and tender process.
- Early in 2013 Cabinet (if above is approved) will be asked to approve the preferred bidder, and
- In late summer 2013 when Cabinet will be asked to approve contract award.

4.2 Resources and Risk

There will be a cost of around £50,000 to fund the production of the Outline Business Case which will be met from the Value for Money Reserve. The cost will arise in procuring industry support to verify the Outline Business Case and provide assurance to Cabinet that is it a robust proposition.

Capital	Revenue	Accommodation
IT	Medium Term Plan	Asset Management

Appendix B Review of Recent National Trends

Looking at various press reports over the past few months there has clearly been a tendency away from large outsourcing towards more traditional forms of contract and in some cases an in-sourcing. In Local Transport Today a number of articles have shown the way various Authorities are changing their thinking.

Council	Decision
Cumbria County Council	Transfer of 300 staff back in-house from Amey for delivery of highways maintenance work from April 2012. The services being 'in-sourced' include reactive maintenance, winter maintenance, street lighting maintenance, fleet management and operating the Windermere Ferry and the Jubilee Bridge in Barrow. Cumbria's Conservative/Labour cabinet believes that bringing the services back in-house will give it more direct control and flexibility over the work carried out, while still maintaining the ability to contract out specialist and larger maintenance jobs. The move follows the return to the county council of 270 technical staff from Cumbria's strategic partner of ten years, Capita Symonds, last year.
Rotherham Metropolitan Borough Council	In 2011 in-sourced highways services.
London Borough of Ealing	In 2011 in-sourced highways services with a predicted saving of £3.3M per annum
Norfolk County Council	Considering retaining in-house delivery in a 'mixed economy' approach. Mike Jackson, Norfolk County Council's director of environment, transport and development, presented councillors last week with a report on options for replacing its technical services and maintenance contracts in 2014. He said there was "no one optimum model of delivery". "Benchmarking suggests that the decision on whether to carry out work in-house or to contract it out is not likely to result in a significant change in the cost of doing the work," he said. "Officers believe it is about the style of authority members would wish to operate and what members feel most comfortable with."
Gloucestershire County Council	Considering replacing its outcome-based maintenance contract with a more rigid 'schedule of rates' contract to provide greater certainty on cost. A number of highway authorities have adopted a target cost approach whereby contractors are paid to develop innovative ways of delivering high-level outcomes rather than lists of jobs. But more recently councils have opted for contracts with a schedule of rates for each item of work carried out.
Buckinghamshire County Council	Is expanding its in-house highways staff after the authority acknowledged the need for better performance management of an innovative term maintenance contract. The authority has agreed to strengthen the six-strong 'thin client' in order to provide "a stronger focus on the needs of the customer", councillor Peter Hardy, cabinet member for transport, told LTT. The move follows a scrutiny report from councillors suggesting that the client's size "could be a potential weakness in terms of managing changes in personnel, providing effective challenge and keeping pace with the increasing volume of work undertaken by the

	contractor". The scrutiny review found that, while the contract has successfully delivered efficiency savings, "slow or non-resolution of reported highways faults is an area of frustration for the public". "While financial efficiencies are a sound rationale for contracting services, the need to remain responsive to customer priorities must remain paramount."
Derby City Council	Decided to end the term maintenance contract with Carillion in August 2013 and instead deliver reactive maintenance with in-house staff to save £311,000 by reducing overheads. Paul Robinson, the strategic director of neighbourhoods, told the cabinet: "Letting a contract to an external contractor has always meant that any profit made by the service leaves the council and cannot be reinvested. This has been seen as part of the price for efficiency. But reactive maintenance is difficult to price and contractors often have allowances factored in for unknowns. Alternatively contractors can submit unrealistically low bids that lead to claims against the council as they try and recoup their losses." The council will use in-house teams for "small and uncomplicated repairs up to a value of £100K," a local framework contract for medium-sized schemes up to £1m and the Midlands Highways Alliance framework for projects over £1m.
Hertfordshire County Council	Even the large outsourcing partnership at Hertfordshire CC has recently been let on a different basis, making it less a single supplier and more of a mixed economy. Stuart Pile, Cabinet Member for Highways and Transport, said: "The end of the existing contracts has given us an opportunity to rethink how we structure the highways service and we're making some significant changes. The Hertfordshire Highways contracts were recognised as innovative when they were set up ten years ago. However, the industry has moved on and – if we're going to provide the best service possible for our residents – so must we." The contract covers the delivery of routine, planned, cyclical and reactive maintenance and improvement work. It also includes performance management mechanisms under which the supplier may be awarded other work – including road, pavement and drainage programmes and transport and safety schemes – depending on their performance. Hertfordshire County Council is also procuring a client support contract to provide professional support, specialist contracts for structures and transport planning, and a framework for structural maintenance.
Rochdale Borough Council	Rochdale Borough Council will bring some services 'in house' that are currently delivered externally. The original contract included targets for the delivery of jobs growth which have become increasingly difficult to achieve under the global recession, and this, together with a push for even further efficiencies, are the key drivers behind the decision.

Appendix C Industry Consultation

C1 To progress the Industry Day a questionnaire was produced and a wide scope was developed for the PIN thereby testing wider options.

C2 This could enable the packaging of the contract as a number of Lots or of other ways of delivering the service, which would possibly offer better value and lower risk at this stage. If such contracts were then let in such a way to be co-terminating then the fuller outsourcing could be done at a later stage.

C3 Alternatively the contracts could be let with a flexible approach to allow further outsourcing within the contract. This was particularly important in the light of some of the work being carried out by Mouchel as part of their existing contract.

C4 The Industry was consulted using an OJEU PIN to raise awareness with a Questionnaire and Industry Day which was held on 28 February 2012. Following the Industry Day a short Questionnaire was sent and returned.

C5 The response from different sectors of the Industry was encouraging demonstrating a broad range of interest and subsequent input into the process. The percentage of the different sectors of the Industry responding to the questionnaire or attending the Industry Day is shown below:

Type of Supplier	Questionnaire	Industry Day
1. Transport Services provider	21%	15%
2. Highways Contractor	16%	29%
3. Highways Consultancy	11%	20%
4. Highways Material Supplier	7%	5%
5. Highways Vehicle & Plant Supplier	10%	2%
6. Street Lighting Consultancy	10%	12%
7. Street Lighting Contractor	13%	11%
8. Other	12%	6%

C6 Although not easily visible in the above it was clear that a number of large consortia that would want a full outsourcing (at least of Highways) were over represented in both the answers to the Questionnaire and in particular in the Industry Day. Therefore it is important that percentages shown in Appendix D and other information is taken in the light of that built-in bias from the Industry Representation. However, the range of responses shows that there is a wide variety of views from Industry and there were very few companies that stated they would not bid on certain packaging arrangements.

C7 One of the chief aims of holding an Industry Day is to establish the interest from the market and the effect packaging of the Contract could have on the potential interest. The large level of interest from such a wide section of the market has helped confirm that there should be adequate interest from the market for any of the options considered.

C8 Following feedback at the Industry Day it was decided that there was no benefit in further consideration of certain options, for example Industry providing upfront investment, as currently the Council can borrow money at a cheaper rate.

C9 At the Industry Day a series of questions, originally posed in the Questionnaire, were asked again anonymously by interactive keypads. The major questions and the responses both from the Questionnaire and the Industry Day have been summarised in Appendix D.

C10 Some questions were not able to be summarised statistically from the Questionnaire as many options were discussed in detail for different scenarios. A selection of quotes is given in such circumstances.

C11 The Industry was asked for their views on the different tendering procedure for this type of contract.

C12 On the Industry Day many thought that the shortened competitive dialogue was the best procedure, which was unexpected. On further analysis it seemed to be because the Industry thought that the Council was unclear about what it wanted due to the open nature of the Industry Day. If the Council knows what it wants in advance of tendering the Restricted Tender procedure is generally the cheapest and often the best for both the Client and the Suppliers. 76% of the market believed that using Competitive Dialogue would cost significantly more to procure than using the Restricted Tender procedure, which is in line with procurement experience.

C13 Eight separate ideas (including the original desk top review models) were under consideration and these were put to the Industry in both the Questionnaire and on the Industry Day:

1. Full outsource of Highways and Transport Service
2. Partial Outsource of total Highways Service
3. Partial Outsource of total Transport Service
4. Top-up Consultancy Service for Highways and/or Transport
5. Term Contract for Highways and Street Lighting Work
6. Design and Build contract for large projects
7. Selection of above as Lots
8. Other

C14 The Industry had a wide selection of views on the right solution for Milton Keynes Council and Appendix D gives several quotes from the Questionnaires and a table of preferences from the Industry.

C15 The key finding was that the Industry has a clear appetite for working with Milton Keynes but they have a wide variety of views as to how the service could be best delivered.

C16 Other issues like benefits and risks associated with the outsourcing are also covered in the Appendix.

Appendix D Summary of Industry responses.

The Industry were engaged following the issuing of a PIN. They were asked to complete a Questionnaire prior to the Industry Day. Further questions were asked as well as repeating some at the Industry Day by use of interactive key pads which allowed companies to respond anonymously to the questions.

D1 Some questions (like the first were not able to be summarised statistically from the Questionnaire as many options were spoken of in more detail for different scenarios. A selection of quotes is given in such circumstances.

D2 Question 1 - What Procurement Procedure do you believe to be the best on this project for Milton Keynes Council?

D3 For information the main types of tendering procedure are:

Open Tender:
An Open Tender is an EU (European Union) tender procedure with only one stage because it requires no use of a selection stage. There is no opportunity to short list suppliers using this approach. All suppliers responding to an Open Tender are provided with the tender documents (ITT - Invitation to Tender) to complete and return.
Restricted Tender:
A Restricted Tender is an EU tender procedure with two stages. Suppliers who express an interest in the contract are sent a Pre-Qualification Questionnaire (PQQ). If they meet the criteria, they are then shortlisted and invited to tender (ITT stage).
Competitive Dialogue:
The EU directives introduced a new procedure, the Competitive Dialogue. It specifically permits dialogue between the contracting authority and contractors during the stages of the procurement process. This procedure is aimed at large, complex contracts. It enables contracting authorities to develop specifications with the input of contractors, and to assist contractors in developing tenders that are responsive to the specifications.
Also - Shortened Competitive Dialogue:
This is the same as the Competitive Dialogue Process, although one of the stages within the process is not used (the Invitation to Submit Outline Solutions) and thus shortens the process as Tenderers move straight to submitting final solutions.

D4 Industry Responses were:

D5 "From our experience…there are significant benefits to the competitive dialogue process as opposed to restricted procurement when seeking a bespoke solution"

D6 "In terms of the overall cost of procurement the restricted procedure will be most cost effective for the Council and the Bidders"

D7 "A restricted tender process is our preferred option for a long term high value contract."

Tendering procedure	Questionnaire	Industry Day

Open Procedure	N/A	12%
Restricted Tender procedure	N/A	12%
Shortened Competitive Dialogue	N/A	67%
Full Competitive Dialogue	N/A	9%

D8 The fact that on the Industry Day so many thought that the shortened competitive dialogue was the best procedure was a surprise. On further analysis it is understood to be because the Industry thought that the Council were unclear about what they wanted due to the open nature of the Industry Day. It is clear that if the Council knows what it wants in advance of tendering the Restricted Tender procedure is generally the cheapest and often the best for both the Client and the Suppliers. 76% of the market believed that using Competitive Dialogue would cost significantly more to procure than using the Restricted Tender procedure, which is in line with experience.

D9 Question 2 - What do you believe to be the best way to package the work on this project for Milton Keynes Council.

D10 For information the Questionnaire and the Industry Day looked at 8 ideas:

1. Full outsource of Highways and Transport Service
2. Partial Outsource of total Highways Service
3. Partial Outsource of total Transport Service
4. Top-up Consultancy Service for Highways and/or Transport
5. Term Contract for Highways and Street Lighting Work
6. Design and Build contract for large projects
7. Selection of above as Lots
8. Other

D11 Industry had a wide selection of views on the right solution for Milton Keynes Council and here are some quotes from the Questionnaire and statistics from the Industry Day:

D12 "In our experience there are significant efficiencies to be gained from combining services within a broader based contract. Within a number of local authorities there is a trend towards reducing the number of interfaces with service suppliers and using a sole supplier on an "end to end basis". Rather than the old concerns regarding "too many eggs in one basket", they see that combining responsibilities with one supplier leads to improved accountability, effectiveness and efficiency."

D13 "Separate contracts for each activity. The client keeps control of each activity, and is not "locked in" with one provider giving variable results in different fields. The client avoids the "main contractor's mark-up" on activities that are invariably subbed out. The client keeps direct contact with the actual provider of the service, as opposed to passing messages down the chain, which leads to inefficiencies and confusion."

D14 "We don't believe that total outsourcing is always the best answer. If an in-house highways or transport service is retained then it is likely that the Council will want to procure external services from time to time. This could be through a top-up arrangement with a single service partner or could be procured with a range of suppliers."

D15 "The other option we suggest is for the Council to procure a 'Commercial and Commissioning Partner' to bring a new discipline to optimising costs, supply chain performance and programme management in a flexible and transparent way whilst creating enhanced capability within the Council."

D16 "'Client' function kept in house. Front line services outsourced with term contract for lesser work and major framework for traditional/D&B contracts above £1M. This is a more traditional approach as it offers the best balance.

Advantages
Tried and tested approach
Balanced approach – Various Providers

Disadvantages
No single line of contact
Duplication of contract management
Not necessarily cheapest option
Too many strategic partners who may have differing goals."

D17 "Highways Maintenance works:
Major Civil Engineering works (over £500k)
Minor Civil Engineering works (up to £499k)
Major Surfacing works (over £500k)
Minor Surfacing works (up to £499k)
Major Structure works (over £500k)
Minor Structures (up to £499k).

D18 We strongly believe that Council's should retain some source of direct labour organisation (DLO) in order to maintain management and operational teams that possess the skills, knowledge and experience of your local communities and their requirements. This information is vital to the successful running of any contract and winning contractors can work with these DLO's in partnership to better service the local community."

D19 "A term maintenance contract using a framework of contractors whilst keeping the management and design in house would offer the most advantageous prospect to the council. The benefits this would offer are, accurate control of all activities being carried out on behalf of the council, a selection of contractors to be used to provide a quality service, by using quarterly contractor assessments. The risks associated with using as single contractor on a full outsource of all services leaves the council vulnerable to poor contractor performance and potentially damaging claims that could result in the council spending more on trying to manage a large commercially aggressive organisation. Poor performance leaving the council with a public relations issue such as has happened on the rail contracts."

Packaging Arrangement	Questionnaire	Industry Day
Full outsource of Highways and Transport Service	21%	29%
Partial Outsource of total Highways Service	20%	21%
Partial Outsource of total Transport Service	10%	6%
Top-up Consultancy Service for Highways and/or Transport	7%	6%
Term Contract for Highways and Street Lighting Work	16%	17%
Design and Build contract for large projects	13%	10%
Selection of above as Lots	6%	7%
Other	7%	4%

D20 Overall this would suggest a full or partial outsourcing had the majority of the Industry support. However, the larger companies might say that because it would limit the competition to the larger consortia players (who were overly represented at the Questionnaire and Industry Day. It still showed that there was a wide range of views from the Industry and that there seemed adequate Industry interest in most of the options.

D21 A supplementary question on the Industry Day concerning if a Term contract and a design and build contract were 2 lots what value of work order should be the divide:

£0.5M	15%
£1M	24%
£1.5M	18%
£2.0M	15%
Higher	28%

D22 This would suggest that perhaps the best way of limiting a Term Contract is to state it would be exclusive for works orders up to £1.0M but could be used for orders of any value in excess of £1.0M but that the Council reserves the right to put these out to contract separately at its sole discretion.

D23 Question 3 - What do you think are the greatest benefits to the Council in procuring these services externally?

New systems of working	25%
Wider staff resource	14%
Lower price overall	22%
Higher quality of service	22%
Able to concentrate on strategic issues	12%
Don’t know	1%
None	4%

D24 These benefits are likely to be similar on Term or full outsource although there could be slightly greater benefits with a total outsource.

D25 Question 4 - What do you think are the greatest risks to the Council of procuring all of these services externally?

Loss of key staff	12%
Loss of local knowledge	27%
Higher prices or costs overall	2%
Lower quality	8%
Service delivery failure	21%
Supplier Bankruptcy	11%
Don't know	5%
Other	14%

D26 These risks are probably highest on a total outsource as there would be a single supplier and a very small Client team.

D27 One supplier went as far as providing a risk matrix based on their assumptions of the objectives for the contract might include:

- Price: revenue cost will have a huge impact
- Resilience: commercial and technical
- Investment: being able to get investment into the service; spend to save
- Ideas/improvement: someone who supports improvements and innovation
- Risk: in terms of compliance with standards, specification, health and safety
- ECI: value engineering, cost reduction
- Local: use of local firms; supporting the local economy
- Political awareness: an understanding of the impact of local politics
- Influence of Members: being able to keep control.

D28 Although not agreeing that these are necessarily the objectives of the Council, on that basis their view was that the table below scores each of those objectives (out of five) against the options:

	Price	**Resilience**	**Investment**	**Innovation**	**Risk**	**ECI**	**Local**	**Political awareness**	**Member influence**	**Total**
Full outsource	**4**	**5**	**5**	**5**	**5**	**5**	**3**	**4**	**3**	**39**
Outsource highways only	**4**	**5**	**5**	**5**	**5**	**5**	**4**	**4**	**4**	**41**
Outsource transport only	**3**	**5**	**3**	**5**	**5**	**5**	**4**	**4**	**2**	**36**
Top-up consultancy	**2**	**4**	**1**	**2**	**4**	**1**	**3**	**2**	**4**	**23**
Term contract	**4**	**4**	**2**	**3**	**4**	**1**	**3**	**3**	**4**	**28**
Design and build for large contracts	**4**	**4**	**3**	**4**	**4**	**5**	**3**	**2**	**3**	**32**
Lots but with discounts for multiple awards	**5**	**3**	**3**	**3**	**4**	**3**	**3**	**3**	**4**	**31**

D29 Whilst there is, inevitably, a degree of subjectivity in the scoring, it does, nevertheless indicate well their view of the ideas. Essentially, in their view the larger package models provide more scope for investment and a higher level of experience and knowledge outside the confines of a particular technical or operational field. They believe this is important in the key areas of understanding the political interface and needs of the local community. They also believe it provides the capacity to drive innovation and provide resilience in terms of key individuals.

D30 They acknowledge that the risks of this approach are around local delivery and the support of local SMEs in the industry.

D31 What that analysis shows is that even the Industry recognises that to get the cheapest price, Lots are probably the best solution. Early Contractor Involvement can (and almost certainly should) be built into any of the options and so would not necessarily be as they have indicated. Likewise risk is not all about compliance with standards, specification, health and safety as they suggest. There are many risks of putting all the work out to one supplier that are not reflected. The problem with a matrix simply adding up the different scores is that it does not reflect the weighting necessary on price. If all the other issues are considered to be quality based then the above matrix gives an 11:89 ratio of price to quality, which is not appropriate at this juncture in the process.

D32 A more structured approach would be to weight price equally to all the others combined and this would give the following:

	Price (50%)	Resilience	Investment	Innovation	Risk	ECI	Local	Political awareness	Member influence	Total
Full outsource	**32**	**5**	**5**	**5**	**5**	**5**	**3**	**4**	**3**	**67**
Outsource highways only	**32**	**5**	**5**	**5**	**5**	**5**	**4**	**4**	**4**	**69**
Outsource transport only	**24**	**5**	**3**	**5**	**5**	**5**	**4**	**4**	**2**	**57**
Top-up consultancy	**16**	**4**	**1**	**2**	**4**	**1**	**3**	**2**	**4**	**39**
Term contract	**32**	**4**	**2**	**3**	**4**	**1**	**3**	**3**	**4**	**56**
Design and build for large contracts	**32**	**4**	**3**	**4**	**4**	**5**	**3**	**2**	**3**	**60**
Lots but with discounts for multiple awards	**40**	**3**	**3**	**3**	**4**	**3**	**3**	**3**	**4**	**66**

D33 This would indicate even the Industry recognises that there is little difference between using Full outsourcing, partial outsourcing or Lots to achieve the best outcome. The score on risk and early contractor involvement alone could easily be said to be equal on all three and that would place Lots as equal to partial outsourcing.

D34 This is therefore not conclusive and the OBC range of options compares these two main options of Full or Partial Outsourcing against a number of Lot based options.

D35 Although there were several other questions on the Questionnaire and at the Industry Day they were more about length of contract, inclusion of different items like depots, and other detailed areas that will help final contract design.

Appendix D1 Industry response to financial savings.

The Industry clearly expects the action of procurement to drive out savings and in order to identify the potential for this an additional questionnaire was sent out following the Industry Day to try to see what level of savings could be achieved.

Although few were prepared to be specific, one supplier suggested the following percentage savings might be achievable:

Year	1	2	3	4	5	6	7	8	9	10
Strategic Partnership	15%	3%	3%	2%	2%	2%	2%	2%	2%	1%
Term	12%	1%	1%	1%	1%	1%	1%	1%	1%	1%

Another said they could demonstrate average saving over the life of the contract:

- Working within a Strategic Partnership with 10 year agreement of 6.53%.
- Working within a 10 year Term Maintenance Contract 10.16%.

The savings profile they suggested would look as follows:

	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9	YR10
10 Year Strategic Partnership	6.43%	16.64%	12.12%	9.15%	3.81%	3.7%	3.59%	3.48%	3.38%	3.28%
10 year Term Maintenance Contract	8.57%	18.72%	17.51%	10.46%	9.52%	8.63%	8.37%	8.13%	7.89%	7.66%

They state that both types of procurement options demonstrate that typically most of the gains can be achieved in the first couple of years of operating the contracts, with one off service improvements, and a more general longer term efficiency profile thereafter.

Interestingly the second supplier suggests lifetime savings significantly greater on a Term Contract and the first Supplier the reverse.

Although several different price fluctuation indices were discussed ranging from RPI, RPIx and Baxter's the same two suppliers suggested the new BCIS Term Maintenance Price Increase Formula and the HTMA fluctuation mechanism which is believed to be referring to the same new indices. (These are the Price Adjustment Formulae Indices (Highway Maintenance) 2010.) These have been developed specifically for Highways Term Maintenance contracts and presumably have the confidence of the main Suppliers to enable them to bid competitively. There is obviously uncertainty to how these will vary in the future and therefore there is an unknown risk to the Council of these indices rising above the general rate of inflation reflected by RPix or similar.

Appendix E OBC Initial Ideas and further option consideration

Following the initial desk-top review and the ideas considered in the Questionnaire and the Industry Day a further review of ideas has been considered. The Do Nothing model has been discounted and the Business as Usual model has been used as a base for comparison purposes.

However, many of the other options could be considered alongside keeping an in-house provision of any part of the service where best value would be provided.

Option a	Full or Partial Outsourcing
Option b	Top up Consultancy Service for Highways & Transport
Option c	Term Contract to any value but not exclusive over £1.0M
Option d	Design & Build for projects over £1.0M
Option e	Selection of B-D as Lots
Option f	Phased approach starting with Term Contract
Option g	Strategic Partner with Term Contract and Top-up for design and with option to outsource over time if desired.
Option h	Joint Approach with Peterborough Council for either Term Maintenance Contract and Consultancy Services or a combined contract. Possibly being a pilot using HMEP toolkit and Contracts or using Midland Highways Alliance.

Option a Full or Partial Outsourcing

This option was considered to be too broad and needed limiting in scope to enable clarity of tendering to reduce the need for a Competitive Dialogue. The Partial Outsourcing of a clearer Highways Term and Consultancy Strategic Partnership was considered the best way to take this option forward and is considered further in option D in Appendix F.

Option b Top up Consultancy Service for Highways & Transport

Already covered by Midlands Highways Alliance Framework. Already used for this purpose and is part of the Business as Usual Option considered further in option A in Appendix F.

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The MHA framework is said to be delivering 9% saving already so this seems a sensible (guaranteed way) of continuing to make savings and is included in options A and B in Appendix F.

Option c Term Contract to any value but not exclusive over £1.0M

Easy to use standard form of NEC Term Contract. Industry well aware of the form of contract which will reduce costs and risks. Options for relating to other NEC 3 contracts. It would work best with early contractor involvement in any design work so as to ensure best solution designed in. Could lead to highest level of savings as some of the smaller contractors likely to bid for this, unlikely to be many savings in Client costs but could be significant savings in contract costs. Would require full Specification and detailed SoR and Evaluation but should still be deliverable by August 2013 using Restricted Tender procedure. This features in options B and C in Appendix F.

Option d Design & Build for projects over £1.0M

Useful for very large projects where not restricted by funding options. Currently the design and build parts can be separately procured via two separate frameworks of the Midlands Highways Alliance and is the way considered best under the Business as usual option as in both cases the MHA have found a 9% savings on other procurement methods. Option A and B below both would continue the use of these framework agreements .

Option e Selection of b, c and d as Lots

This could be a combination of some or all of options b, c and d above or could be a series of Lots for Option c allowing smaller SMEs to tender for specific parts. (e.g. Street Lighting, or Traffic Signal Maintenance etc.) Could lead to highest level of savings as smaller contractors likely to bid for this, however if there are too many suppliers there would be no savings in Client costs but could be significant savings in contract costs.

Option f Phased approach starting with Term Contract

Due to risks associated with full outsourcing at this stage, with Council not even currently having more conventional service delivery models (e.g. Term Contracts) there could be a phased approach with various co-terminus procurements being arranged with the option for extensions. This could mean a full outsourcing could be then considered after the end of the existing Mouchel Contract. Savings would be seen early by prioritising Term Contract and then outsourcing other parts. This is similar to the next option (Option g).

Option g Strategic Partner with Term Contract and Top-up for design and with option to outsource over time if desired.

Due to risks associated with full outsourcing at this stage, with the Council not currently having more conventional service delivery models (e.g. Term Contracts) it would be possible to fully outsource the Operational aspects in a Term Contract arrangement but allowing a Strategic Partnership approach using NEC 3 contracts. This could lead to immediate savings at low risk but allowing for further areas of outsourcing to be included as Mouchel contract ends and if seen to be beneficial when staff leave or as a planned step change to outsource the design side. Savings would be seen early by prioritising Term Contract but on-going savings, if achievable could be included by further outsourcing later in the contract. This option is considered in more detail in the Option C in Appendix F as the amount of Consultancy top-up could be minimal at first and could increase over time to the equivalent of a full outsourcing.

Option h Joint Approach with another Council for either Term Maintenance Contract and Consultancy Services or a combined contract.

Possibly being a pilot using HMEP toolkit and Contracts which would put Milton Keynes Council on the forefront of innovative solutions in collaborative approach and could gain significant financial advantage and reduced cost of tendering. It could also lead to an Option g outcome. One local Council (Peterborough) are carrying out a similar procurement process in the same timescales. They are looking at a full outsource Consultancy service and Milton Keynes Council could use this as a top-up until such stage as a full outsource is considered appropriate and then implement.

It has become clear that any solution needs the Supplier to be involved in a partnership approach with Milton Keynes Council. Any Term Contract solution must therefore include Early Contractor Involvement in the design process. If possible co-location of staff seems very important and if not possible then a staffed supplier desk at the Client offices and a staffed Client desk at the Suppliers offices would be essential.

After discussion of the above options it was decided to analyse 3 options in more detail together with the Business as Usual Option. Each option is considered separately in terms of likely benefits and risks, the issues concerning TUPE and other potential liabilities including redundancy costs. These are given in Appendix F.

Appendix F Detailed analysis of the Final Four Options

Three options are analysed in detail together with the Business as Usual Option. Each option is considered separately in terms of likely benefits and risks, the issues concerning TUPE and other potential liabilities including redundancy costs.

Option A Business as usual

The current business model has many strengths and is argued by some to give the best option for small and medium size enterprises (SMEs) – particularly local ones to be able to deliver services at good value. A number of Council's are bringing work back in-house with this type of mixed economy of SMEs supporting an in-house service. In terms of maintaining the local economy and of keeping a distinctive local knowledge this is ideal. However, the weaknesses of the current model were highlighted in the previous review and although it would be possible to recruit the needed extra skills it is not necessarily the easiest or best option.

Option B Partnership for Term Contract

The current plethora of contractual arrangements, although probably being the best option for small and medium size enterprises (SMEs) does not normally achieve the value for money of a larger, longer contract often referred to as a Term Contract or Term Maintenance Contract (TMC). The TMC can be for the whole of the works or for Highways and Lighting as two separate Lots. Under this option either would be possible. In some places further division of lots for smaller patching work and larger schemes have been used, but this has been found to rarely give better value and leads to too many interfaces between Contractors. The view of officers is that the risks with the interface between even a Highways and a Street Lighting Contractor would make a single Term Contract the better option. The fact that a larger sized business would be likely to win this type of work would enable wider experience to be brought into the Council including new technology and other innovations at reasonable cost, and likely to provide better control and level of service provision probably at a cheaper price. This would be very straightforward to procure and would be readily understood by the market so a Restricted Tender procedure using the standard form of NEC Term Contract would be possible, and would almost certainly be able to be delivered by October 2013, subject to the work on producing the documents being started prior to the final decision of Cabinet.

Option C Partnership for Term Contract and Top-up Consultancy

Due to risks associated with full outsourcing at this stage, with Council not currently having more conventional service delivery models (e.g. Term Contracts) it would be possible to fully outsource the Operational aspects in a Term Contract arrangement but allowing a Strategic Partnership approach using NEC 3 contracts. This could lead to immediate savings at low risk but allowing for further areas of outsourcing to be included as the Mouchel contract ends and if seen to be beneficial when staff leave or as a planned step change to outsource the design side. Savings would be seen early by prioritising Term Contract but on-going savings, if achievable could be included by further outsourcing later in the contract. This would be fairly straightforward to procure and would be readily understood by the market so a Restricted Tender procedure using the standard form of NEC Term Contract with additional clauses potentially from other NEC 3 contracts. It would work best with early contractor involvement (ECI) in any design work so as to ensure best solution designed in. Would probably still be able to be delivered by

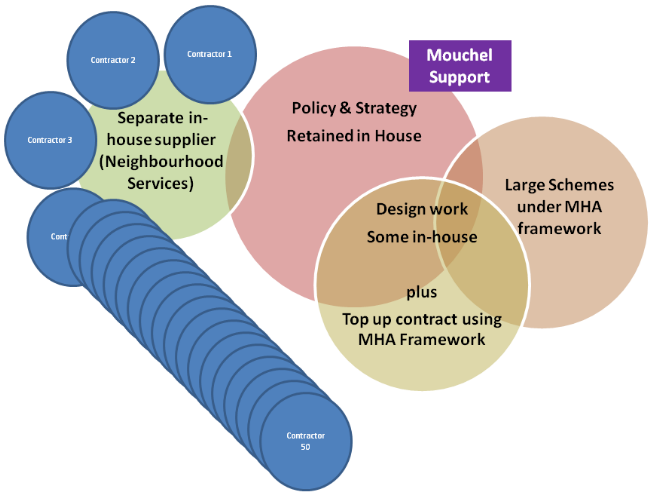
October 2013, subject to the work on producing the documents being started prior to the final decision of Cabinet.

Option D Strategic Partnership of Term Contract and Consultancy

This is still well known by the Industry and for the scope restricted to Highways (including Street Lighting and Structures) is an arrangement that has been used by the Highways Agency over the last 10 years or more and by many Council's since. It is interesting that a number of Council's have veered away from this recently although most of that seems to be due to financial control and form of actual pricing mechanisms. If this option were agreed it would probably be best to use a Schedule of Rates (SoR) pricing mechanism as is normal on Term Maintenance Contracts rather than Target Price or Open Book Accountancy methods where Councils have sometimes lost financial control. Would require full Specification and detailed SoR and Evaluation but might still be deliverable by October 2013 using Restricted Tender procedure.

Option A Business as usual

Comments:



This is not a "Do Nothing" option but rather a continuation "as is" with continuous review and optimisation using the present review processes and meeting the Council's changing requirements.
The current business model has many strengths and is argued by some to give the best option for small and medium size enterprises (SMEs) – particularly local ones to be able to deliver services at good value. A number of Councils are bringing work back in-house with this type of mixed economy of SMEs supporting an in-house service. In terms of maintaining the local economy and of keeping a distinctive local knowledge this is ideal. However, the weaknesses of the current model were highlighted in the previous review and although it would be possible to recruit the needed extra skills it is not necessarily the easiest or best option. The consultancy work will continue to be topped up using the MHA and that is seen to be giving a 9% saving. By continuing to test the market locally and by combining contracts where appropriate in the future a further 5% saving is estimated on the work covered by Neighbourhood Services. With this option there is no loss of income.

Financial Data
See separate details in Appendices H and I

Deliverability
Currently being delivered. If this option is adopted it is strongly recommended that a review of structures and of training needs is urgently carried out. Possible use of Lean techniques (used by major contractors) to ensure systems and processes deliver savings.

Staffing Implications:

Potential Pension Costs	Potential TUPE liability	Other Potential Costs
No change to present costs	None	None

Legal Impacts: None other than the Contractual risks below.

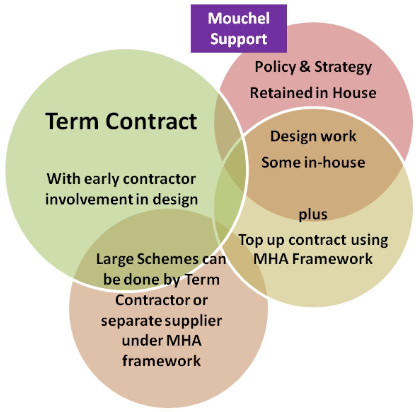
Contractual Risks: The danger with so many contracts is that they are not always procured in accordance with European Regulations due to the lack of clarity about values and lengths of contracts.

Risk summary

Risks	Mitigations/Benefits
The business as usual option has no risks in terms of change, but gives no opportunity for step change.	Could carry out an internal Lean review (now used by the Highways Agency) which is a systems thinking approach. This could be done with any of the options, or required under the contract.

Option B A single Partnership Contract for a set period (known as Term Contract) to any value (but not exclusive over £1.0M) plus use of MHA for large schemes and the MHA for Consultancy top-up and Mouchel for certain skills shortages and support.

Comments:



This option would remove the plethora of contractual arrangements (of almost a 'sub-contract' nature through the in-house provider). Although arguably being the best option for small and medium size enterprises (SMEs) it does not normally achieve the value for money of a larger, longer contract often referred to as a Term Contract or Term Maintenance Contract (TMC). The TMC can be for the whole of the works or for Highways and Lighting as two separate Lots. Under this option either would be possible. In some places further division of lots for smaller patching work and larger schemes have been used, but this has been found to rarely give better value and just leads to too many interfaces between Contractors. The view of officers is that the risks with the interface even between a Highways and a Street Lighting Contractor would make a single Term Contract the best option. The fact that a larger sized business would be likely to win this type of work would enable wider experience to be brought into the Council including new technology and other innovations at reasonable cost, and likely to provide better control and level of service provision probably at a cheaper price.

Financial Data

See separate details in Appendices H and I

Deliverability

This would be very straightforward to procure and would be readily understood by the market so a Restricted Tender procedure using the standard form of NEC Term Contract would be possible, and would almost certainly be able to be delivered by October 2013, subject to the work on producing the documents being started prior to the final decision of Cabinet. Tender evaluation criteria could be developed that encouraged use of SME's to boost the local economy. If this option is adopted it is strongly recommended that a review of structures and of training needs is urgently carried out of remaining in-house staff. Possible use of Lean techniques (used by major contractors) to ensure systems and processes deliver savings.

Staffing Implications:

Potential Pension Costs	**Potential TUPE liability**	**Other Potential Costs**
Contractor would need to allow for these in bid.	The current workforce and most of the current Contractors' staff would probably be eligible for TUPE transfer to the new supplier. The cost of this would be covered by the bidder.	There is no proposal to alter the arrangements with Mouchel in this option so no risk of challenge or costs incurred. However, there might be an effect because the overheads would not reduce despite the transfer of work.

Legal Impacts

Contractual Impacts

Would need careful scrutiny of current contracts and their end dates and opt out options/cost.
It has been assumed that the cost of opting out of current Mouchel contract early would be prohibitive and so is not included but could be as option at end of current contract.

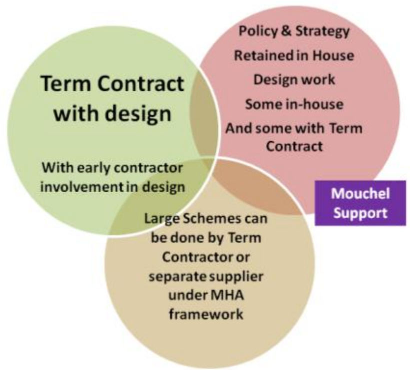
Risk summary

Risks	**Mitigations/Benefits**
Low risk - proven method can include more than one provider (e.g. servicing specific geographical areas of the Borough) if desired. Could run alongside in-house provision. And MHA is providing a framework for the Top-up work.	Would need Contract Management but by using standard NEC Term contract (or similar), subject to a skills audit of the client, staff can be trained up to the required standard.

Option C Partnership with Term Contract to any value (but not exclusive over £1.0M) but including Consultancy top-up. Still use Mouchel for certain skills shortages and support until end of existing contractual arrangement.

Comments

This option is very similar to B but instead of using the MHA to Top-up this has a single supplier/partner for both the TMC and the Top-up consultancy work. This option will reduce risks associated with full outsourcing (see Option D), but retains the option to outsource further, at a later stage. This would fully outsource the Operational aspects in a Term Contract arrangement but would allow a Strategic Partnership approach using NEC 3 contracts. This could lead to immediate savings at low risk but allowing for further areas of outsourcing to be included as the Mouchel contract ends and if seen to be beneficial when staff leave or as a planned step change to outsource the design side.



Financial Data

See separate details in Appendices H and I

Deliverability

This would be fairly straightforward to procure and would be readily understood by the market so a Restricted Tender procedure using the standard form of NEC Term Contract with additional clauses potentially from other NEC 3 contracts. It would work best with early contractor involvement (ECI) in any design work so as to ensure best solution designed in. Would probably still be able to be delivered by October 2013, subject to the work on producing the documents being started prior to the final decision of Cabinet. Tender evaluation criteria could be developed that encouraged use of SME's to boost the local economy. If this option is adopted it is strongly recommended that a review of structures and of training needs is urgently carried out of remaining in-house staff. Possible use of Lean techniques (used by major contractors) to ensure systems and processes deliver savings.

Staffing Implications:

Potential Pension Costs	Potential TUPE liability	Other Potential Costs
Contractor would need to allow for these in bid.	The current workforce and most of the current Contractors' staff would probably be eligible for TUPE transfer to the new supplier. The cost of this would be covered by the bidder.	There is no proposal to alter the arrangements with Mouchel in this option so no risk of challenge or costs incurred. However, once that contract ends people would TUPE back to the Council and could then be outsourced into this contract.

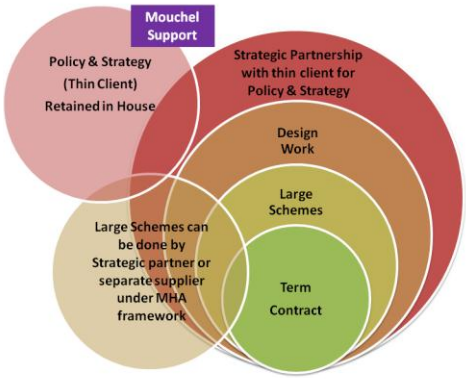
Legal Impacts

Contractual Impacts

Would need careful scrutiny of current contracts and their end dates and opt out options/cost.
It has been assumed that the cost of opting out of current Mouchel contract early would be prohibitive and so is not included but could be as option at end of current contract.

Risk summary

Risks	Mitigations/Benefits
Medium Risk as Contractually "all eggs in one basket" except for in-house cover for the Consultancy.	Would need Contract Management but by using standard NEC Term contract (or similar), subject to a skills audit of the client, staff can be trained up to the required standard.

Option D **Strategic Partnership of Term Contract and Consultancy**
Comments This is well known by the Industry where the scope restricted to Highways (including Street Lighting and Structures)and is an arrangement that has been used by the Highways Agency over the last 10 years or more and by many Councils since. It is interesting that a number of Councils have veered away from this recently although most of that seems to be due to financial control and form of actual pricing mechanisms. If this option were agreed it would probably be best to use a Schedule of Rates (SoR) pricing mechanism as is normal on Term Maintenance Contracts rather than Target Price or Open Book Accountancy methods where Councils' have sometimes lost financial control. 
Financial Data See separate details in Appendix H and I
Deliverability Would require full Specification and detailed SoR and Evaluation but might still be deliverable by October 2013 using Restricted Tender procedure. Tender evaluation criteria could be developed that encouraged use of SME's to boost the local economy.
Staffing Implications:

Potential Pension Costs	**Potential TUPE liability**	**Other Potential Costs**
Supplier would need to allow for these in bid.	The current staff and workforce and most of the current Contractors' staff would probably be eligible for TUPE transfer to the new supplier. The cost of this would be covered by the bidder.	There is no proposal to alter the arrangements with Mouchel in this option until end of that Contract, so as to reduce risk of challenge or costs incurred. However, there might be an effect because the overheads would not reduce despite the transfer of work. However, once that contract ends people would TUPE back to the Council and could then be outsourced into this contract.

Legal Impacts
Contractual Impacts Would need careful scrutiny of current contracts and their end dates and opt out options/cost. It has been assumed that the cost of opting out of current Mouchel contract early would be prohibitive and so is not included but could be as option at end of current contract.
Risk summary

Risks	**Mitigations/Benefits**
Often considered High Risk as "all eggs in one basket" as no in-house cover and can lead to lack of control if Management of Contract not adequate.	Could solve all perceived problems if properly controlled – would need a skills audit and training of thin Client to ensure proper Management of Contract.

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Appendix G Background Information for Preferred option

The Highways Delivery options are changing in many places at this time. The traditional contracts have served well but in the current economic climate people are looking at new ways of pulling out the greatest savings whilst still maintaining an acceptable level of control. The full or partial outsourcing options are a large step change for Milton Keynes Council in the light of the current situation of about 50 different contractual and delivery arrangements.

Highways Maintenance Efficiency Programme

The Highways Maintenance Efficiency Programme (HMEP) is a sector-led transformation programme to maximise returns from highways investment and delivery efficiency, sponsored by DfT. Funding of £6m over 2011-2013, programme runs to 2018

Links with Government Construction Strategy and Infrastructure UK Review

Consistent with 'localism' agenda - providing the tools and opportunities - not central direction

Partnership working between public and private sectors

Building on good practice in the sector

Programme team made up of Local Authority employed staff

Category	Elements
Collaboration	• **Collaborative Alliances Toolkit** • **Supply Chain Review** • **Shared Services Arrangements Toolkit**
Procurement , contracting and standardisation	• **Procurement Route Choice Toolkit** • **Standard Form of Contract** • **Standard Highway Maintenance Specification and Standard Details**
Asset Management	• **Asset Management Lifecycle Planning Toolkit** • **Deterioration Model for Bituminous Surfacing** • **Guidance on how to Manage and Maintain Highway Drainage Assets** • **Review / Update on Asset Management Advice within CSS Framework and Other Publications since 2005** • **Pothole Review as a Response to Recent Severe Winter Weather** • **Asset Management Practitioner Training**
Benchmarking and performance	• **Comparative Performance Data Identification and Dissemination** • **Cost / Quality / Customer Perception Measures of Value for Money**

Why Collaborate? Highways Maintenance Efficiency Programme

- Aggregation produces economies of scale -lower prices
- Reduced procurement costs - undertaken once rather than multiple times
- Continuity of business enhances performance and innovation
- Supply chain integration
- Adoption of best practice
- Shared skills and training opportunities
- Benchmarking with standard KPIs
- Opportunities for shared services

The Key Components of the Highways Maintenance Efficiency Programme

Collaborative Toolkit

- Current best practice and drivers
- Developing the business case
- Setting up an alliance
- Operating an alliance
- Promoting the benefits
- Support for implementing the toolkit

The HMEP is working on several briefs all with a time scale for completion of the next few months. Three are particularly relevant to Milton Keynes Council:

Brief 1: A Standard Form of Contract for Highway Maintenance Services comprising:
- A standard OJEU notice
- A standard Pre-qualification Questionnaire
- A standard Instructions for Tender
- A Standard Form of Contract

This could save time and consultancy costs in document preparation.

Brief 2: Standard Specification and Standard Details
Key areas covered by the Specification:
- Bituminous Surfacing
- Kerbing & Paved Surfaces
- Traffic Signs and Road Markings
- Street Lighting
- Structural Concrete
- Winter Maintenance

This could also save time for staff and consultancy costs in document preparation.

It is also likely that Contractors will want to start to use these standardised documents and these could help Milton Keynes Council gain even more competitive prices

Brief 5: A Procurement Route Choices Toolkit

Aimed at assisting Local Highway Authority managers to:
- To guide them through the drivers that are most important to their authority
- Inform them of the procurement options available
- The advantages and disadvantages of each option
- Estimated savings from these 5 work packages £170m
- Release planned over the next 6 months
- Early enablers already identified
- Underpinning support packages to follow

Although late in the day for Milton Keynes Council it is possible we could be included in the early enablers.

Midland Highways Alliance

The Midland Highways Alliance (MHA) was formed in 2007 and comprises 18 local highway authorities Including Milton Keynes) with £12m worth of tracked savings to date.

The key areas are:
- Medium schemes framework
- Framework for consultancy services
- Commodities contracts - salt, street lighting
- Harmonised specification
- A skills academy
- A sustainable funding regime

At the moment the MHA have two major frameworks in place, a medium schemes framework with 4 contractors for capital works up to £12million, a professional services framework for the provision of design services using URS. These are both for a period of 3 years with extensions of an additional year. Milton Keynes Council is already using both of these frameworks. The Medium Schemes Framework was set up in 2010 and generates approximately 9% savings, and the Professional Services Framework was set up in 2011 and should generate a similar saving, based on the previous framework.

In addition there are various supply frameworks for salt, lighting columns etc. via ESPO which are available to all members of the MHA.

In development is a standard Term maintenance Contract which is currently being piloted by Nottinghamshire and the MHA are currently looking for the next tranche of authorities to use it, probably in the summer. Peterborough and Rutland are both looking at this as a procurement route and it may be possible to join them in a combined tendering procedure, with a combined OJEU notice, but all appear to be on slightly different timetables so it may not be any great advantage.

The main benefits are that it provides a set of documents which Milton Keynes Council can adapt to make bespoke to local circumstances.

Nottingham on their pilot contract, using the MHA, from a standing start in January 2012 hope to have a contractor appointed by November, and will be operational by April. The MHA has helped facilitate them using the contract and are making use of the lessons learnt to develop the next version of the documents which Milton Keynes Council would use.

The MHA were initially key players on the project board(s) at Nottingham but as the Nottingham team grew in knowledge and confidence the need for MHA help has diminished.

The consultant Nottingham have used (Ian Stewart of CWC) seems to be the in depth expert on the documents and there would be merit in retaining him to do an initial workshop to introduce the MHA to the project team then lead them through the key early stages of tailoring it to the local needs and identifying the inputs that are needed to undertake and gather information on.

There is a need to ensure that there is strong internal buy in to the use of the MHA Term Contract and those issues with its use do not become show stoppers at an advanced stage of the tender process from stakeholders not being on board. The first session through the MHA and or Ian Stewart would provide such an opportunity.

The contract aim backed up by the MHA is for a totally collaborative approach. However the key to success will be an active intelligent client and that the client team be sustained through the contract.

Development of the client team will be a key activity during mobilisation. There is clearly a shortage of the skill sets that will be required to manage the contract within Milton Keynes Council within the current staff, equally there will be a need to restructure the remaining client side functions to simplify lines of responsibility. The MHA have offered through the training academy to facilitate this.

There would be on-going benefits through the MHA working groups in that any problems that occur on one contract can be shared and either find a mutual solution or at least will give an early warning.

There is clearly the potential through the MHA Term Contract as the Council grows in knowledge and confidence to move from a schedule of rates type contract to using target cost either in whole or in part.

Appendix H Costing of Final Options

The original desk top study provided detailed financial modelling based on 5 scenarios, the assumptions made needed re-examination because the savings were really not due to method of procurement but down to other decisions and these have been excluded in the following modelling of the options but they are identified below as these contribute the greatest amount of the planned savings on revenue budgets.

The reason for the income to increase considerably was assumed to be due to increased efficiencies of parking enforcement and introduction of street works permit system. These have been excluded from the models.

As the Mouchel contract and other overheads are deemed as uncontrollable the only savings are in controllable costs and on income.

The four options are tabulated on the following pages. But Option B and Option C are identical as the assumptions are the same.

Option A

Option A assumes Business as Usual. The costs of this option have been taken from the original 2012/13 budget for the whole of Highways & Transportation, plus the budgets relevant to the business case that are currently held within Neighbourhood Services. All budgets are excluding non- controllable overheads.

Option A assumes that all works will continue to be delivered as currently planned in 2012/13. This creates the base position for comparison of other options

By introducing a Term Contractor/ Strategic Partnership for all works it would remove the ability for the current in house provider to achieve a 'profit' over and above costs by charging additional amounts to other internal departments. In revenue this would have a net nil effect as this could be offset by reducing the cost of the works on the client side, however in relation to capital works this does create a budget pressure. This loss of contribution to MKC revenue has been shown on in the model as a 'cost' to revenue. Further options can be explored separately to this model on how this 'cost' could be managed in the MTFP, the impact would be similar in all options

Option A

	Current 2013	Revised 2014	Revised 2015	Revised 2016
Direct Employee Costs	2,839,454	2,839,454	2,839,454	2,839,454
Agency Costs	50,000	50,000	50,000	50,000
Indirect Employee Costs	10,221	10,221	10,221	10,221
Employees	**2,899,675**	**2,899,675**	**2,899,675**	**2,899,675**
On-going Costs	2,158,703	2,158,703	2,158,703	2,158,703
Other Premises Costs	3,696,300	3,696,300	3,696,300	3,696,300
Premises	**5,855,003**	**5,855,003**	**5,855,003**	**5,855,003**
Payroll Costs	81,842	81,842	81,842	81,842
Other Transport Related	7,055,195	7,055,195	7,055,195	7,055,195
Transport	**7,137,037**	**7,137,037**	**7,137,037**	**7,137,037**
Leasing	11,592	11,592	11,592	11,592
Grants	-	-	-	-
Other Supplies & Services	4,517,570	4,517,570	4,517,570	4,517,570
New contract cost	**-**	-	-	-
Supplies & Services	**4,529,162**	**4,529,162**	**4,529,162**	**4,529,162**
Other internal trading	595,470	(121,380)	(121,380)	(121,380)
Landscape	228,454	228,454	228,454	228,454
Fleet	1,132,327	1,132,327	1,132,327	1,132,327
Highways	(4,597,359)	(3,880,509)	(3,880,509)	(3,880,509)
Capital fees	(549,999)	(549,999)	(549,999)	(549,999)
Stores	529,013	529,013	529,013	529,013
Internal recharges	**(2,662,094)**	**(2,662,094)**	**(2,662,094)**	**(2,662,094)**
Capital charges	**8,741,830**	**8,741,830**	**8,741,830**	**8,741,830**
Gross total cost	**26,500,613**	**26,500,613**	**26,500,613**	**26,500,613**
Fees & Charges	(11,049,781)	(11,049,781)	(11,049,781)	(11,049,781)
Other income	(35,000)	(35,000)	(35,000)	(35,000)
Income	**(11,084,781)**	**(11,084,781)**	**(11,084,781)**	**(11,084,781)**
Total	**15,415,832**	**15,415,832**	**15,415,832**	**15,415,832**

Option B

No costs have been provided for, for the implementation of this option

Option B adjusts the figures shown in option A to take into account all works for signals, street lighting, bridges and highways maintenance to be delivered from a single contract - 'term contractor' rather than multiple providers. The figures assume that by using a single term contract 11.08% savings could be achieved. (This assumption has not been proven and is only evidenced by information put forward at the industry day). The model assumes that the term contractor would be in place from the 1/10/13, and therefore only a part year saving is shown in 2013/14.

Assumptions are made that future capital works are in line with the current Local Transport Plan (LTP) values, without any further investment being available. A separate exercise is currently being completed to assess the value of revenue savings that could be generated through a large scale investment in the highway network. These figures are not included in any option as it is viewed that these savings are common to all options.

The model assumes that the split of revenue and capital works is in line with existing budgets

By introducing a term contractor it would remove the ability for the current in house provider to complete any external works, therefore this work would also transfer to the contractor, reducing the contract price

The added value to capital schemes assumes savings on the works element of the current LTP funding. This assumes that 75% of the scheme costs relates to works, and therefore possible to achieve 11.08% saving against current cost. The added value also takes into the account the mark-up/ 'profit' element on capital projects that is charged through current arrangements

Option B

	Current 2013	Revised 2014	Revised 2015	Revised 2016
Direct Employee Costs	2,839,454	2,444,947	2,050,440	2,050,440
Agency Costs	50,000	25,000	-	-
Indirect Employee Costs	10,221	10,221	10,221	10,221
Employees	**2,899,675**	**2,480,168**	**2,060,661**	**2,060,661**
On-going Costs	2,158,703	2,158,703	2,158,703	2,158,703
Other Premises Costs	3,696,300	1,888,575	80,850	80,850
Premises	**5,855,003**	**4,047,278**	**2,239,553**	**2,239,553**
Payroll Costs	81,842	77,607	73,371	73,371
Other Transport Related	7,055,195	7,049,195	7,043,195	7,043,195
Transport	**7,137,037**	**7,126,802**	**7,116,566**	**7,116,566**
Leasing	11,592	11,592	11,592	11,592
Grants	-	-	-	-
Other Supplies & Services	4,517,570	3,828,770	3,139,970	3,139,970
New contract cost	**-**	1,720,764	3,441,529	3,441,529
Supplies & Services	**4,529,162**	**5,561,126**	**6,593,091**	**6,593,091**
Other internal trading	595,470	(121,380)	(121,380)	(121,380)
Landscape	228,454	210,454	192,454	192,454
Fleet	1,132,327	584,189	36,050	36,050
Highways	(4,597,359)	(2,288,834)	(697,159)	(697,159)
Capital fees	(549,999)	(549,999)	(549,999)	(549,999)
Stores	529,013	264,557	100	100
Internal recharges	**(2,662,094)**	**(1,901,014)**	**(1,139,934)**	**(1,139,934)**
Capital charges	**8,741,830**	**8,741,830**	**8,741,830**	**8,741,830**
Gross total cost	**26,500,613**	**26,056,190**	**25,611,767**	**25,611,767**
Fees & Charges	(11,049,781)	(10,969,587)	(10,889,392)	(10,889,392)
Other income	(35,000)	(17,500)	-	-
Income	**(11,084,781)**	**(10,987,087)**	**(10,889,392)**	**(10,889,392)**
Total	**15,415,832**	**15,069,104**	**14,722,375**	**14,722,375**

(140)

Option C

Option C is very similar to Option B - no financial changes have been modelled as it is assumed that the MHA would procure design with comparable costs to a term contractor

Option C

	Current 2013	Revised 2014	Revised 2015	Revised 2016
Direct Employee Costs	2,839,454	2,444,947	2,050,440	2,050,440
Agency Costs	50,000	25,000	-	-
Indirect Employee Costs	10,221	10,221	10,221	10,221
Employees	**2,899,675**	**2,480,168**	**2,060,661**	**2,060,661**
On-going Costs	2,158,703	2,158,703	2,158,703	2,158,703
Other Premises Costs	3,696,300	1,888,575	80,850	80,850
Premises	**5,855,003**	**4,047,278**	**2,239,553**	**2,239,553**
Payroll Costs	81,842	77,607	73,371	73,371
Other Transport Related	7,055,195	7,049,195	7,043,195	7,043,195
Transport	**7,137,037**	**7,126,802**	**7,116,566**	**7,116,566**
Leasing	11,592	11,592	11,592	11,592
Grants	-	-	-	-
Other Supplies & Services	4,517,570	3,828,770	3,139,970	3,139,970
New contract cost	-	1,720,764	3,441,529	3,441,529
Supplies & Services	**4,529,162**	**5,561,126**	**6,593,091**	**6,593,091**
Other internal trading	595,470	(121,380)	(121,380)	(121,380)
Landscape	228,454	210,454	192,454	192,454
Fleet	1,132,327	584,189	36,050	36,050
Highways	(4,597,359)	(2,288,834)	(697,159)	(697,159)
Capital fees	(549,999)	(549,999)	(549,999)	(549,999)
Stores	529,013	264,557	100	100
Internal recharges	**(2,662,094)**	**(1,901,014)**	**(1,139,934)**	**(1,139,934)**
Capital charges	**8,741,830**	**8,741,830**	**8,741,830**	**8,741,830**
Gross total cost	**26,500,613**	**26,056,190**	**25,611,767**	**25,611,767**
Fees & Charges	(11,049,781)	(10,969,587)	(10,889,392)	(10,889,392)
Other income	(35,000)	(17,500)	-	-
Income	**(11,084,781)**	**(10,987,087)**	**(10,889,392)**	**(10,889,392)**
Total	**15,415,832**	**15,069,104**	**14,722,375**	**14,722,375**

Option D

Option D assumes all works transferred in options B & C would also transfer for Option D. Assumptions are comparable to other options, with the exception of services in scope and % saving

In accordance with proposals put forward at the Industry day savings of 10.76% have been applied. All staff in relevant areas would transfer at cost, with savings of 10.76% applied to staff costs

Services to remain with MKC are Strategic Planning, Parking, Adoptions, NRSWA, and Passenger Transport. Assistant Director post costed into the Strategic Partnership

Option D

	Current 2013	**Revised 2014**	**Revised 2015**	**Revised 2016**
Direct Employee Costs	2,839,454	1,935,222	1,030,989	1,030,989
Agency Costs	50,000	25,000	-	-
Indirect Employee Costs	10,221	7,466	4,710	4,710
Employees	**2,899,675**	**1,967,687**	**1,035,699**	**1,035,699**
On-going Costs	2,158,703	2,158,703	2,158,703	2,158,703
Other Premises Costs	3,696,300	1,888,575	80,850	80,850
Premises	**5,855,003**	**4,047,278**	**2,239,553**	**2,239,553**
Payroll Costs	81,842	59,672	37,502	37,502
Other Transport Related	7,055,195	7,048,289	7,041,382	7,041,382
Transport	**7,137,037**	**7,107,961**	**7,078,884**	**7,078,884**
Leasing	11,592	11,592	11,592	11,592
Grants	-	-	-	-
Other Supplies & Services	4,517,570	3,713,867	2,910,164	2,910,164
New contract cost	**-**	2,304,618	4,609,296	4,609,296
Supplies & Services	**4,529,162**	**6,030,077**	**7,531,052**	**7,531,052**
Other internal trading	595,470	(121,380)	(121,380)	(121,380)
Landscape	228,454	210,454	192,454	192,454
Fleet	1,132,327	584,189	36,050	36,050
Highways	(4,597,359)	(2,288,834)	(697,159)	(697,159)
Capital fees	(549,999)	(549,999)	(549,999)	(549,999)
Stores	529,013	264,557	100	100
Internal recharges	**(2,662,094)**	**(1,901,014)**	**(1,139,934)**	**(1,139,934)**
Capital charges	**8,741,830**	**8,741,830**	**8,741,830**	**8,741,830**
Gross total cost	**26,500,613**	**25,993,819**	**25,487,084**	**25,487,084**
Fees & Charges	(11,049,781)	(10,969,587)	(10,889,392)	(10,889,392)
Other income	(35,000)	(17,500)	-	-
Income	**(11,084,781)**	**(10,987,087)**	**(10,889,392)**	**(10,889,392)**
Total	**15,415,832**	**15,006,733**	**14,597,692**	**14,597,692**

Service Costs

	2013/14				2014/15				2015/16			
	Option A	Option B	Option C	Option D	Option A	Option B	Option C	Option D	Option A	Option B	Option C	Option D
	£	£	£	£	£	£	£	£	£	£	£	£
Transport Management*	128,299	2,029,169	2,029,169	2,552,672	128,299	3,930,039	3,930,039	4,977,104	128,299	3,930,039	3,930,039	4,977,104
Transportation Management	61,471	61,471	61,471	61,471	61,471	61,471	61,471	61,471	61,471	61,471	61,471	61,471
Transport Policy	313,215	313,215	313,215	313,215	313,215	313,215	313,215	313,215	313,215	313,215	313,215	313,215
Passenger Transport	7,319,339	7,319,339	7,319,339	7,319,339	7,319,339	7,319,339	7,319,339	7,319,339	7,319,339	7,319,339	7,319,339	7,319,339
Parking	(6,514,757)	(6,514,757)	(6,514,757)	(6,514,757)	(6,514,757)	(6,514,757)	(6,514,757)	(6,514,757)	(6,514,757)	(6,514,757)	(6,514,757)	(6,514,757)
Highways Network Manager	62,225	62,225	62,225	34,791	62,225	62,225	62,225	7,356	62,225	62,225	62,225	7,356
Highways Management	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Traffic Management	457,134	418,006	418,006	245,890	457,134	378,877	378,877	34,646	457,134	378,877	378,877	34,646
Road Safety	165,074	165,074	165,074	52,652	165,074	165,074	165,074	(59,771)	165,074	165,074	165,074	(59,771)
Highways Maintenance	11,470,750	9,609,773	9,609,773	9,483,226	11,470,750	7,748,796	7,748,796	7,495,703	11,470,750	7,748,796	7,748,796	7,495,703
NRSWA	(85,582)	(85,582)	(85,582)	(85,582)	(85,582)	(85,582)	(85,582)	(85,582)	(85,582)	(85,582)	(85,582)	(85,582)
Bridges	208,364	102,182	102,182	102,182	208,364	(4,000)	(4,000)	(4,000)	208,364	(4,000)	(4,000)	(4,000)
Street lighting	2,966,650	2,545,234	2,545,234	2,451,487	2,966,650	2,123,817	2,123,817	1,936,323	2,966,650	2,123,817	2,123,817	1,936,323
Adoptions	(394,401)	(394,401)	(394,401)	(394,401)	(394,401)	(394,401)	(394,401)	(394,401)	(394,401)	(394,401)	(394,401)	(394,401)
Highways Operations	257,713	257,713	257,713	204,105	257,713	257,713	257,713	150,497	257,713	257,713	257,713	150,497
Highways Trading	(1,059,662)	(879,556)	(879,556)	(879,556)	(1,059,662)	(699,451)	(699,451)	(699,451)	(1,059,662)	(699,451)	(699,451)	(699,451)
	15,415,832	**15,069,104**	**15,069,104**	**15,006,733**	**15,415,832**	**14,722,375**	**14,722,375**	**14,597,692**	**15,415,832**	**14,722,375**	**14,722,375**	**14,597,692**

Background to potential staff savings (Total Establishment and potential savings for each option)

Service Area	MKC Establishment				Further FTE Savings Options			
	Option A	Option B	Option C	Option D	Option A	Option B	Option C	Option D
Transport Management	**2.00**	**2.00**	**2.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Transportation Management	**1.00**	**1.00**	**1.00**	**1.00**	**0.00**	**0.00**	**0.00**	**0.00**
Transport Policy	**5.60**	**5.60**	**5.60**	**5.60**	**0.00**	**0.00**	**0.00**	**0.60**
Passenger Transport	**2.00**	**2.00**	**2.00**	**2.00**	**0.00**	**0.00**	**0.00**	**0.00**
Parking	**5.00**	**5.00**	**5.00**	**5.00**	**0.00**	**0.00**	**0.00**	**0.00**
Highways Management	**2.00**	**2.00**	**2.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Highways Maintenance	**1.00**	**1.00**	**1.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Traffic Management	**8.00**	**8.00**	**8.00**	**0.00**	**0.00**	**3.00**	**3.00**	**0.00**
Road Safety	**4.11**	**4.11**	**4.11**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
NRSWA	**3.45**	**3.45**	**3.45**	**3.45**	**0.00**	**0.00**	**0.00**	**0.00**
Adoptions	**4.00**	**4.00**	**4.00**	**4.00**	**0.00**	**0.00**	**0.00**	**0.00**
Street Lighting	**7.08**	**7.08**	**7.08**	**0.00**	**0.00**	**4.08**	**4.08**	**0.00**
Neighbourhood Management	**3.00**	**3.00**	**3.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Highways Trading	**20.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total Employees	**68.23**	**48.23**	**48.23**	**21.05**	**0.00**	**7.08**	**7.08**	**0.60**

Proposed Savings on Capital Investment

By investing in dimming and trimming of Street Lighting, it is anticipated that there will be saving on energy and maintenance of £36 per unit. This would equate to a saving of £72000

An investment into Highways Maintenance will enable the targeting of resurfacing and surface dressing to areas in the most need. By changing the use of resources and work practices a saving of £570,000 per year is anticipated.

Appendix I Not used

Appendix J Suggested procurement timetable.

Task	Days	End Date	Day	Notes
Approval to Tender via Cabinet	1	25/7/12	Wed	
Industry Interviews post Call-in clearance		6/8/12	Mon	
OJEU notice/PQQ Publication	28	24/8/12	Fri	OJEU not issued till after further Industry Interviews (post cabinet)
Last date for PQQ submission following expressions of interest	30	24/9/12	Mon	
Evaluate PQQ	14	8/10/12	Mon	
Issue ITT	1	10/10/12	Wed	ITT will need full contract specification, documents, TUPE and asset information.*
Tender return	60	10/12/12	Mon	Such a large contract is bound to need an extension after 40 days so plan 60 days and allow 46 plus 14 day extension.
Tender evaluation	60	11/2/2013	Tues	Evaluation of this size contract will take several people and probable site visits. There will then be a need for Cabinet reports to be signed off. Minimum of 2 months required.
Approval to Award via Cabinet	1	27/2/2013	Wed	Need to put onto Forward Plan (Subject to 20th June 2012 Decision)
Pre-award and unsuccessful letters following call-in period	10	11/3/2013	Mon	
Contract Award following Alcatel	10	**25/3/2013**	Mon	
Mobilisation and Contract start	184	1 Oct 2013	Mon	6 Months mobilisation period assumed

* The preparation of documents ready for the ITT will take a significant amount of time to produce and it is difficult to envisage this being achieved unless documents start being prepared in early June which is before the Cabinet meeting in July.

Appendix K Suggested Scope for procurement.

The PIN had as wide a scope as possible when originally advertised to encourage as wide a range of interest from the Industry as possible. The proposed scope is designed to keep it as open as possible to allow for any extra areas that may be added in later.

The scope is therefore suggested as follows (the numbers refer to the Standard European CPV codes):

Main object 45233139 Highway maintenance work.

Additional objects

45233223	Carriageway resurfacing works
45233251	Resurfacing works
45221000	Construction work for bridges and tunnels, shafts and subways
45221100	Construction work for bridges
45221119	Bridge renewal construction work
77314000	Grounds Maintenance Services (but not landscaping & grass cutting)
45232450	Drainage construction works
45232451	Drainage and surface works
45232452	Drainage works
50232100	Street-lighting maintenance services
45316110	Installation of road lighting equipment
34928500	Street-lighting equipment
34928510	Street-lighting columns
44113910	Winter-maintenance materials (although not exclusive)
34143000	Winter-maintenance vehicles
34928470	Signage
34922100	Road markings.
63712700	Traffic control services
63712710	Traffic monitoring services
50232000	Maintenance services of public-lighting installations and traffic lights
45316210	Installation of traffic monitoring equipment
45316212	Installation of traffic lights
45316200	Installation of signalling equipment
45233130	Construction work for highways
45233140	Roadworks
45233141	Road-maintenance works
45223200	Structural works.
45233210	Surface work for highways

Appendix L Risk

The Chartered Institute of Highways and Transportation (CIHT) procurement and delivery panel has produced a paper as an aide memoir on “Commercial relationships and the understanding of risk”. They state:

> It is in transferring risk that the opportunity to deliver value, and more importantly reduce cost, is created; with the client providing the opportunity for the “public service” provider to make a margin through more efficient and/or more effective service delivery. Without risk-transfer then why outsource!
>
> It is clear that potential value comes from opportunity which is the flip side of risk. The greater the risk transfer the greater the value that may be achieved.
>
> This theory becomes unstable when risk is transferred to those that do not have the ability to manage the risk.
>
> So it is crucial that clients understand risk and understand the ability of contractors to manage the risk. Failure to do so will undermine the potential value that could be achieved.
>
> If too little risk is transferred a contractor cannot take all the opportunity that is available and therefore the opportunity to trade this potential margin in its tender is lost. Also its service will be constrained and therefore it will not be able to create the efficiencies that it is capable of achieving.
>
> Understanding risks and appreciating risk from the perspectives of both client and contractor is fundamental to identifying the appropriate risk transfer.
>
> If the risk transfer is appropriate in every respect then it is optimised, that is, the risks sits with the party best placed to manage them.
>
> The statement “placing the risk with the party best placed to manage it” has been around for some time and has been recognised as important in the delivery of value. However, until now the importance of the understanding of risk from both the perspective of the client and the contractor has not been given the weighting it deserves.
>
> If risk is not transferred, because the client fails to understand the contractor’s ability to carry and manage the risk then an opportunity for delivering value is being missed for the reasons set out above. The opposite is also true.
> If a contractor fails to either understand the risks transferred or the client’s perspective of the risk transferred the opportunity to offer value is also missed. The importance of understanding each other’s perspectives is therefore fundamental to finding the optimum risk balance point.

The issue of risks though is broader than the transfer of risk. There are obviously risks with any procurement exercise but certain options have higher risks than others. The Industry clearly understands that risks often are related to the idea of putting “all your eggs in one basket” with a Strategic Partner, but this can help generate savings by giving opportunity to the Service Provider to profit from the transfer.

There are a number of other risks that are inherent in any Highways procurement process. These may be primarily to Milton Keynes Council as Client but also some will be shared with the Service Supplier. These are tabulated below:

Risks	Risk owner	Mitigations/Benefits
Ability to manage the contract	MK Council	Use standard form of contract and ensure contract management training is built into the training plan.
Impact on Members (e.g. responsiveness to sorting issues)	MK Council	The impact will depend on the size of the remaining Client. The “thinner” the Client the more the need for the Supplier to handle the response. This could also affect costs as the Supplier would be likely to charge extra.
Financial and budgetary management and predictability.	MK Council	By using Schedule of Rate contracts the designs can be fully priced before final start is agreed, this should enable financial transparency. However on design costs will be difficult to constrain costs where scheme proposals are challenged during consultation.
Volume uncertainty with unpredictability of Council budgets and priorities over contract period.	MK Council and Service Provider	Although the contract will need to predict a certain volume of work it will be necessary to consider the likelihood of further major reductions (or increases) as loss of profits and overheads could impact on the price and the risk of this will need to be paid for either in the contract or if implemented.
Clarity of Contractual relationship	MK Council and Service Provider	The decision as to the form of Partnership and exact contractual basis would need to be clearly defined if this risk is not liable to add cost at tender stage.
Lack of understanding by Supplier of the Milton Keynes Council’s needs	MK Council and Service Provider	Development of the partnership will be carried out as part of the mobilisation including joint training and workshops. However problems develop over contract period with loss of original staff with strong public service ethos and move to hard commercial approach leading to perceived poorer and more expensive service delivery.
Pricing exposure	MK Council and Service Provider	The current economic climate means that prices may well be as competitive as possible. High commodity prices (like oil) could move either way and the use of the right indices should help protect both the Council and the Service Provider.
Delivery of value	MK Council	Business case has helped show potential value if tender gives savings early on the value will be delivered early if not the contract should be able to deliver value over time
Continuing Performance	MK Council and Service Provider	The current performances will need to be the base position for any new contract and Key Performance Indicators will need to ensure on-going improvements throughout the term of the contract. However Performance Indicators will need careful crafting during document development to ensure this as well as strong management during contract period.
Reputation	MK Council and Service Provider	This is a risk both to Milton Keynes Council and to the Service Provider and will help motivate a true partnership. Problems have developed with a number of these contracts leading to early contract termination or transferring back of some functions (e.g. street lighting at Milton Keynes)
Service Provider insolvency	MK Council	The current state of the Industry is such that many companies are stretched financially. Throughout the procurement process the financial stability of the Service Providers will need to be established. It would be possible to award a back-up contractor but this is unlikely to be able to be for the length of the Term of the contract without some actual work being given to them.
Cash flow	Service Provider	Milton Keynes Council will be able to help mitigate this risk by on-time payment of invoices.

Appendix M Glossary of Terms and Abbreviations

Terms:

Competitive Dialogue The European Union (EU) directives introduced a new procedure, the Competitive Dialogue. It specifically permits dialogue between the contracting authority and contractors during the stages of the procurement process. This procedure is aimed at large, complex contracts. It enables contracting authorities to develop specifications with the input of contractors, and to assist contractors in developing tenders that are responsive to the specifications.

Design and Build Contracts are as the name suggests contracts which cover both the design and the construction of the particular work. They are generally for large single schemes or projects.

Early Contractor Involvement (ECI) is as the name suggests the inclusion of the Contractor as early as possible in the design stage of any scheme to enable the designers to take into account anything from innovation and latest technology that the Contractor can offer to an understanding of how costs can be reduced to the Contractor (and often passed on to the Client) by design.

Highway Maintenance Efficiency Programme (HMEP) is a sector-led transformation programme to maximise returns from highways investment and delivery efficiency, sponsored by Department for Transport with £6m of Central Government funding for the period 2011-2013 and the programme runs to 2018.

Industry Day In order to establish the interest from the market and the effect packaging of the Contract could have on the potential interest it is now fairly common to run a day for potential suppliers from the Industry sector.

Invitation to Tender (ITT) is the second stage in a Restricted Tender procedure which asks detailed questions of suppliers for short-listing purposes.

Lots are subdivisions of a contract into separate packages that can be tendered for and awarded separately but are in one procurement process so that Suppliers can offer savings on the award of more than one Lot to the same supplier.

Midlands Highways Alliance (MHA) The Midland Highways Alliance was formed in 2007 and comprises 18 local highway authorities with £12m worth of tracked savings to date. Milton Keynes Council is one of the member authorities.

Milton Keynes Council (MKC) is the Borough Council for the area of Milton Keynes and surrounding towns and villages and is a Unitary Authority

MK Approach is a Milton Keynes Council Project Management tool based on Prince2 methodology.

Most Economically Advantageous Tender (MEAT) This is a method of evaluation enabling the contracting authority to take account of criteria that reflect qualitative, technical and sustainable aspects of the tender submission as well as price when reaching an award decision.

NEC3 Originally launched in 1993, and then known as the ‘New Engineering Contract’, is now in its 3rd edition and so NEC3 was launched in 2005.The 3rd Edition includes new documents, especially the Term Service and Framework Contracts designed to expand the appeal and usage of the NEC. NEC3 comes with a full endorsement from the UK Office of Government Commerce (OGC), through the Construction Clients’ Board, which recommends the NEC3 for use on all public sector construction projects.

Novate is the legal term for the substitution of a new contract for an old one. The new agreement extinguishes the rights and obligations that were in effect under the old agreement.

Open Tender is the EU (European Union) tender procedure with only one stage because it requires no use of a selection stage. There is no opportunity to short list suppliers using this approach. All suppliers responding to an Open Tender are provided with the tender documents (ITT - Invitation to Tender) to complete and return.

Outline Business Case (OBC) is this document which aims to give in outline a business reason for the course of action proposed.

Organisational Transformation Programme (OTP) is a programme established by Milton Keynes Council to help deliver service improvement and efficiencies.

Pre-Qualification Questionnaire is the first stage in a Restricted Tender procedure which asks detailed questions of suppliers for short-listing purposes.

Price Adjustment Formulae Indices (Highway Maintenance) are the new industry led price adjustment indices published by the Building Cost Information Service and are an alternative to the less specific indices like Retail Price Index.

Prince2 stands for PRojects IN Controlled Environments 2 and is a structured project management method endorsed by the UK government as the project management standard for public projects.

Restricted Tender is an EU tender procedure with two stages. Suppliers who express an interest in the contract are sent a Pre-Qualification Questionnaire (PQQ). If they meet the criteria, they are then shortlisted and invited to tender (ITT stage).

Schedule of Rates (SoR) is a part of the tender documentation where the Supplier gives individual prices for individual items. There are often different rates for different quantities so that the price per square metre of road reduces when a machine is able to lay large quantities as opposed to the more labour intensive requirement for resurfacing pot-holes or trenches. The key to this is an evaluation model based on likely work in order to ensure the combination of rates gives the best price for the Council.

Shortened Competitive Dialogue This is the same as the Competitive Dialogue Process (see above), although one of the stages within the process is not used (the Invitation to Submit Outline Solutions) and thus shortens the process as Tenderers move straight to submitting final solutions.

Small and medium size enterprises (SMEs) these are exactly what the title describes but are often considered critical to the health of the economy and also tend to be more local or regional than larger businesses which can be national or international.

Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) are the United Kingdom's implementation of the European Union Business Transfers Directive. It is an important part of UK labour law, protecting employees whose business is being transferred to another business. The 2006 regulations replace the old 1981 regulations which implemented the original Directive

Term Maintenance Contract (TMC) is a contract for Highways Maintenance Work (covering everything from the smallest defect to large resurfacing and major schemes) that is for a set length of time (or Term).

Top-up Contracts are as their name suggests additional support for areas where there is an in-house team but there is a need from time to time to add extra staff or skills to “Top-up” on both an ad-hoc and more long term basis.

Unitary Authority is a Local Council that has responsibility for all the services within the boundary of its geographical area other than those with National Government or Parish Councils.

Abbreviations:

BCIS	*Building Cost Information Service,*
CPV	*Under European Public Procurement the CPV establishes a single classification system for public procurement aimed at standardising the references used by contracting authorities and entities to describe the subject of procurement contracts.*
ECI	*Early Contractor Involvement*
EU	*European Union*
HMEP	*Highway Maintenance Efficiency Programme*
HTMA	*Highways Term Maintenance Association*
ITT	*Invitation to Tender*
MEAT	*Most Economically Advantageous Tender*
MHA	*Midlands Highways Alliance*
MKC	*Milton Keynes Council*
NEC 3	*Third edition of New Engineering Contract but simply known as NEC3 (See "Terms" above)*
OBC	*Outline Business Case (this document)*
OTP	*Organisational Transformation Programme*
PQQ	*Prequalification Questionnaire*
RPI	*Retail Price Index*
RPIX	*Retail Price Index (excluding mortgage interest payments)*
SME	*Small and medium size enterprises*
SoR	*Schedule of Rates*
TMC	*Term Maintenance Contract*
TUPE	*Transfer of Undertakings (Protection of Employment) Regulations 2006*
UK	*United Kingdom*

Wards Affected:

All Wards

ORGANISATIONAL TRANSFORMATION PROGRAMME

Author: **Gail Tolley - Corporate Director**

Executive Summary:

The Organisational Transformation Programme (OTP) was initiated by the Corporate Leadership Team (CLT) in 2011 as a vehicle for delivering transformational change in the way in which the organisation operates, in order to improve the effectiveness and efficiency of Council services in delivering members' objectives, as reflected in the Corporate Plan. The OTP has therefore provided a coherent framework for a range of targeted change processes.

The Programme was first reported to the Cabinet in June 2011, when quarterly updates were requested.

Over the past year, as reflected in successive quarterly reports, significant progress has been made, contributing to workforce reductions, improvements in productivity, service delivery and budget savings. Many of the projects in the original programme have been completed and others are moving towards 'business as usual'; but some require a different or renewed focus and some new areas of focus have emerged.

Following consultation with managers across the organisation, the Corporate Leadership Team has approved a revised Programme for the period ahead. As previously, the revised programme reflects the CLT's judgement as to those areas of the organisation that require transformational change in order to support more effectively the achievement of the Council's objectives, as reflected in the Corporate Plan 2012-16 approved in February 2012. Quarterly reports on progress will continue to be brought to the Cabinet, and will be available for scrutiny by the new Corporate Affairs and Performance Committee.

1. Recommendation(s)

That the Fourth quarterly update and the progress made by the Organisational Transformation Programme April 2012- July 2012 and the current areas of focus for the refreshed programme, be noted.

2. Background

The Organisational Transformation Programme was established by the Corporate Leadership Team (CLT) in 2011 as a way of giving structure and coherence to a wide range of change processes that were either inevitable (eg as a result of changes in Government policy or legislative requirements) or necessary, in order to bring about improvements in the way the Council functioned.

In developing the Programme, the CLT reflected on the various challenges facing the organisation, including changes in public expectations, demographic changes and the consequences of the Government's deficit reduction strategy; but also the opportunities created by, for example, the philosophy of "localism", the proposed reforms to the NHS, the Government's declared intention to change the role of the Homes and Communities Agency (HCA) and the proposal to end the HRA 'subsidy' regime and replace it with a system of 'self-financing'.

The CLT also took stock of the significant improvements that had been made in the Council's systems and processes over the previous two years (eg in budget management, risk management, project management and performance management) and made an assessment of where further improvements were required in order to address areas of continued weakness. The essential purpose of the OTP was to focus management effort and attention on areas where significant organisational change was needed.

The OTP did not, and does not, override or subsume the Council's corporate objectives, set by members through a range of policy and strategy documents, including of course the Corporate Plan. The OTP is a supporting or 'enabling' managerial programme, designed to enhance the organisation's capacity to respond positively and effectively to the challenges it faced (and still faces).

It will strengthen the organisation's ability to implement elected members' vision for the future of the Borough and to help ensure that the Council is on a firm financial footing so that budget pressures in future years can be met and services delivered in a way that not only produces appropriate outcomes for residents but also delivers excellent value for money.

3 Progress and Impact of OTP

Over the past year the OTP has been structured around six broad 'strands' of activity, each led by a member of CLT, under the overall direction of the OTP Board, comprising the whole of the CLT plus relevant colleagues, such as the AD (Strategic HR), and chaired by the Chief Executive.

Good progress has been made across all strands:

3.1 Strand 1 Public Access

This programme is intended to improve the customer experience and maximise the proportion of enquiries that are resolved at first point of contact, reducing current levels of avoidable/unnecessary contact (such as follow up calls, complaints etc). The work is ongoing as part of a 3 year programme. This will involve technical changes (eg to the website, IT systems) but also culture change across the whole organisation; and it will have significant implications for the Council's accommodation strategy and 'ways of working'. The benefits will include an increase in the proportion of on-line interactions and transactions with the Council, which many residents clearly desire and which would reduce costs; but also investment in customer service arrangements (possibly multi agency) able to provide an holistic ‘face to face’ customer service to those who need or wish to access services in that way.

As a result of the first phase of this programme, Cabinet approved a Public Access Strategy at its meeting in January 2012. An implementation plan is in place with the focus now is on finalising the associated business cases ensuring the appropriate business and ICT support is in place and moving on to direct implementation.

3.2 Strand 2 Children & Families

The aim of this programme has been to ensure that the Council has the capacity and capability to act as a strong, strategic champion for children, young people and their families, and to integrate work to respond to the national reform agenda into the transformation of services locally. A comprehensive restructuring is nearing completion and will see the development of fully integrated children’s practices and interventions that will enable those children and young people who are vulnerable and face barriers to participation to overcome them successfully. Action has also been taken to ensure that the delivery of the Council’s monitoring, challenge, support and intervention duty enables schools to drive up standards and close the gap between children who do well and those who do not, only intervening where schools and settings are unable to help each other improve. The programme has focused on reforming service delivery to ensure that we are doing the right things at the right time and that all our activities are underpinned by robust evidence that will give us a good return on our investment.

3.3 Strand 3 Heath and Wellbeing

This strand reflected the significance of the impact on the Council and its residents of the Government’s health changes and the Council’s new responsibilities. The Social Care Reform programme has been implemented and a personalised approach is now business as usual. The drive towards the full integration of directly provided Health and Social Care Community Services; continues and includes working with the PCT and CCG to resolve the future management of Community Health Services. A shadow Health and Wellbeing Board exists and based on the development of a new Joint Strategic Needs Assessment a draft Health and Wellbeing Strategy is currently under consultation. A plan is in place for the transition of Public Health responsibilities for the Council is in place. This strand will continue for focus on all those areas where the Council has an increasingly influential and transformational role in promoting health and wellbeing

3.4 Strand 4 Alternative Methods of Service Delivery

This Strand has embraced a range of initiatives to explore whether responsibility for the Commissioning and/or delivery of some Council services – or management of Council owned assets – could be achieved in a different way, producing more responsive services, managed and delivered locally with greater efficiency and value for money. Consideration has been given to the possibility of outsourcing Highways & Transport functions, and following exploration of a range of options a proposal has come forward (elsewhere on this agenda) to modernise the current Highways contracting arrangements. Scoping work has been undertaken on the development of a comprehensive Open Space Strategy for the Borough to be delivered through a closer working relationship between the Council and the Parks Trust; and proposals are currently being formulated for Cabinet consideration. A major programme to transfer community assets to Parish/Town Councils and other community based organisations has been launched. A revised 'toolkit' will be presented for Cabinet Member approval [shortly] along with four more recommendations regarding five pilot asset transfers. The Framework for Commissioning the Third Sector, approved early last year has been revised in consultation with civil society organisations and refreshed. The possibility of developing a significant shared service with neighbouring authorities has been explored, but so far without success.

3.5 Strand 5 Organisational Structures & Processes

This Strand of the OTP has encompassed a range of initiatives to improve the efficiency and productivity of the organisation. A new fit for purpose organisational structure has been put in place, creating a new dynamic between a more strategic CLT and a layer of service groups with greater autonomy and responsibility to manage resources and deliver service outcomes. A strengthened 'Corporate Core' has been established to support both the service groups and the CLT get the most out of the new organisational structure; there has been a comprehensive review of corporate processes, leading to a range of improvements and eliminating overlap and duplication. Key corporate policies have been updated and a range of improvements made to HR processes. An analysis of layers of management and spans of control was undertaken and the results fed into a number of management restructuring processes. Significant savings (circa £500,000) have been in the senior management paybill, with more to follow; and a corporate Voluntary Redundancy exercise and ongoing service restructurings have delivered a 14% reduction in the workforce (from a base set in February 2010) and a consequent significant reduction in the overall salary budget.

3.6 Strand 6 Business Opportunities

At the outset, this strand was focused on identifying, assessing and where appropriate developing opportunities to increase Council income (and reducing costs) from alternative funding sources. It has been assessing the opportunities of changing Government legislation so the Council is well prepared to take full advantage when legislation is implemented. The work under this programme has explored and reported on the opportunities surrounding the government proposals to localise business rates, which potentially could create a direct link between economic performance and additional revenue. In addition, the Council has explored other opportunities to generate income including the Community Infrastructure Levy, and licensing of a Casino.

3.7 A detailed summary of progress under each Strand over the twelve months to April 2012, and of the further progress made in the past three months (ie since the last update to Cabinet) is provided at Annex A.

4 Looking Forward

The various strands of the OTP have made differing progress. Much has been achieved and many individual projects can be regarded as completed. Some activities are moving to 'business as usual', whilst others have demonstrated that a changed or ongoing focus is required; and some new issues have emerged.

Following detailed consideration, in discussion with managers throughout the organisation, the OTP Board has approved a revised Programme for the next 12-18 months, reflecting its current assessment of the areas where significant organisational change is required.

In essence:

a. The Public Access strand will continue, moving ever more strongly into its implementation phase;

b. The major organisational changes driven by the Children & Families strand are nearing completion and will shortly revert to 'business as usual', no longer requiring oversight by the OTP Board;

c. The Health & Wellbeing strand will continue, with a current focus on securing a sensible outcome to the debate about the future management of community health services locally, supporting the development of the Health and Wellbeing Board and finalising arrangements for the transfer of Public Health responsibilities and functions to MKC and embedding this throughout the organisation;

d. In place of the 'Alternative Methods of Service Delivery' strand, an Improvement & Service Development Board has been established to complete and embed existing change processes across Highways & Transport, Neighbourhood Services and the Planning, Economy & Development service; drive a range of service improvements; and consider the long term structural and management implications. Areas of focus will include the modernisation of highways contracting arrangements, the future management of green/open spaces, improved contract/client side management across a range of 'environmental' services, greater responsiveness and improved customer service, aligning existing functions with those to be transferred from the HCA and reviewing the operation of the existing commercial services;

e. Strand 5 of the programme will continue and focus on ensuring that the new organisational structure is functioning effectively, that the changes and improvements to corporate processes are embedded, that efforts to deliver a culture of high performance are maintained and that managers throughout the organisation have the skills and the facilities they need to manage their teams and associated resources effectively. Additionally this strand will take the lead on promoting stronger contract management across the whole organisation; complete the Office Accommodation Project and promote 'new ways of working'; and undertake further structural analysis supported by efficient Employee and Management Self Service organisation charting capabilities, to ensure resources are at the right level and in the right place;

f. Efforts to develop Alternative Sources of Funding will continue with significant progress due over the next few months on the transfer of HCA assets, the development of a residual waste treatment plant and the implementation of business rate retention; and

g. A new strand of the OTP has been initiated to reflect the wide range of changes affecting the Housing Service. This will embrace: housing-led regeneration; asset management in the context of HRA self financing; the development of a new Tenancy Strategy; and the resumption of Council house building.

5. Strategic Governance

As part of recent management changes the responsibility for the programme management of the OTP transferred to the Corporate Director, Children & Families, with effect from March 2012. Following this transfer there has been a review of the programme's content, governance arrangements and operational processes. Scrutiny of the OTP has become a matter for the new Corporate Affairs & Performance Committee, with effect from its first meeting on 17 July 2012.

The OTP Board, in reviewing governance & controls since March 2012 has taken steps to ensure that:

- the use of the MK Approach is robust and aligned with the imperative on deliverables;
- there is clarity in the relationship between financial savings and transforming the way in which the Council does its business;
- the role of the OTP Operations Board as a vehicle for assuring the individual strands are on track is enhanced.

As a result of the review of the processes since March 2012 the OTP Operations Board is in turn now reviewing the following:

- the role of the Operations Board and its terms of reference, to ensure a focus on Quality Assurance and Benefits Realisation;
- a framework and programme for reviewing the progress and impact of individual programmes;
- risk assessments of both the overall programme and individual strands of work;
- the effective application and impact of current documentation:- START documents, Finish Reports, Highlight Reports;
- the significance and impact of ICT within OTP

6. Financial Implications

In 2011-12 the OTP achieved £600k of savings and is on track to deliver the £1.6m of savings included in the 2012-13 revenue budget. It is expected that the OTP will make a significant contribution to the delivery of financial savings in future years. The detailed estimated savings from the revised strands and projects are still being calculated, but OTP will remain a significant part of the strategy to address the medium term financial gap, both by reducing costs and generating income. In order to maintain direct managerial accountability for the delivery of the relevant savings targets, the savings were shown against individual Service Groups and progress in achieving those savings is being monitored as part of the Council's financial management arrangements.

7. Implications and Risk

The implications of the OTP are wide ranging and will result in the Council creating an organisation that is fit to meet both the service and financial challenges ahead.

CLT are mindful of the risks that change on this scale brings and so the OTP Board continues to meet regularly ensuring that change implementation is sensibly scheduled and service levels are not negatively affected. The OTP Board maintains a programme risk register and the programme risks and actions are managed and reviewed at alternate OTP Operations boards. Each project within the programme maintains a risk register that is managed at strand level: these are available for inspection if required.

OTP risk workshops have been held (August and December 2011), and will take place regularly for specific elements of OTP up to September 2012. These enable sharing of progress across the strands, learning from challenges and identifying the dependencies between the individual initiatives and the support areas.

Changes affecting the workforce are being managed in accordance with Council policy, including appropriate consultation with affected staff and their representatives.

In addition, to ensure that necessary support is available as and when required, the OTP Operations board includes representatives from IT, Legal, Finance, Human Resources, with other support areas e.g. Accommodation, attending as required.

Y	Capital	Y	Revenue	Y	Accommodation
Y	IT	Y	Medium Term Plan	Y	Asset Management

6 Legal

The transformations to be brought about by the OTP will involve a number of legal issues concerning the delivery of the Council's functions, duties and powers, contracts and contractual changes, employment and property matters.

The strands leads have provided an indication of the support that they will require and Law and Governance officers are engaged and represented on the OTP Operations Board.

A “Governance Structures - Conflict of Interest” document has been produced by the Legal and Audit department to outline the policy and procedures surrounding management of the bidding process for services, and staff roles and responsibilities within that process, to reduce the potential for any legal challenge in the future.

7 Other Implications

Y	E-Government	Y	Stakeholders
Y	Equalities/ Diversity	Y	Sustainability
X	Human Rights	x	Crime and Disorder

8. Communications

The OTP Programme has been communicated to key stakeholders, both inside and outside of the Council. Comments from Members, some staff and the LGA “peer challenge” review have underlined the need to enhance communications to ensure a fuller understanding of what the OTP is aiming to achieve and the good progress that is being made.

A further update will be circulated shortly to all staff, which will detail the new strands and programmes. A Communications Plan was approved by the OTP Board in May 2012.

9. Equality Impact Assessment (EIA)

An EIA has been completed for OTP and recommended that the Programme continue, but remain mindful of equalities and diversity impacts as services are re-designed. Details of identified equality issues can be found at http://bit.ly/EqIA-OTP. Consideration has been given to the impact of each of the strands with the greatest impacts likely to arise in the Health and Wellbeing and Public Access strands. In general, there will be a need for more consultation with different groups in a limited number of areas; specifically older, younger and disabled people.

Supporting Papers

Annex - OTP Progress Table to Cabinet 25 July 2012

OTP Progress Table to Cabinet 25th July 2012

Progress to date and future key milestones

Achieved in previous 10 months June 2011 - April 2012	Achieved in Quarter April - July 2012
• **Strand 1 Public Access** • Public Access Strategy and Business Case presented to Cabinet (17 January 2012)and approved • Public Access Strategy – planning and implementation commenced	• **Strand 1Public Access** • Technology and Business Process Contracts awarded • New customer contact portal has gone live. • Phase 1 outline business case agreed • AD Public Access has been recruited and will commence in Sept.
• **Strand 2 Children and Families** • Children and Families services re-designed and implementation commenced. • Good progress made towards redesign and restructure of services for Children and Families.	• **Strand 2 Children and Families** • Senior leadership and setting and school effectiveness services restructuring completed. • Implementation of the new Children and Families Practices underway and on track. Formal staff consultation completed. • Initial cohort of families identified as part of the DCLG funded 'Troubled Families' initiative in progress. Multi agency steering group established.
• **Strand 3 Health And Wellbeing** • Social Care Reform implemented • Temporary arrangements in place for the hosting of Milton Keynes Community Health Services with Bedford Hospital. These services are integrated with adult social care services • Development of outline proposals for commissioning support to Clinical Commissioning Groups • Public Health Staff moved, to be sited in Council Offices • Shadow Health and Wellbeing Board in place and first formal meeting held (1 December 2011) •	• **Strand 3 Health And Wellbeing** • Shadow Health and Wellbeing Board fully established. • A draft Health and Wellbeing Strategy has been developed. • Further negotiations with Health Partners to secure a locally-acceptable resolution for Community Health Services. • Work continues with Clinical Commissioning Group on commissioning support and specific areas for integration. • Continued close working with MK health partners to achieve an Integrated Care Organisation • Public Health staff are settled in MKC location and a transition programme is in place.

Achieved in previous 10 months June 2011 - April 2012	Achieved in Quarter April - July 2012
• **Strand 4 Alternative Methods of Service Delivery** • Feasibility studies completed for Regulatory Services and Community Assets • Community Asset transfer process approved (for consultation) and Pilot agreed (Cabinet 17 January 2012) • Feasibility study for Trading Services completed • Options papers for Trading Services deing developed • Devolution of assets / services to Parish and Town Councils and the Voluntary sector commenced (Pilots in place) • Feasibility Reports for Transport and Open Spaces completed • Approval to tender partial outsource of Transport service. • Prior Information Notice (PIN) and Industry Open Day held for Highways& Transport 28h Feb 2012 • Regulatory management team appointed Feb 2012. • Regulatory Unit in operation (full completion June 2012) • Shared service opportunities researched and then closed.	• **Strand 4 Alternative Methods of Service Delivery** • Transfers of assets / services to Parish and Town Councils and the Voluntary Sector, pilots have moved to stage 2 applications. • Delegated Decision to refine Toolkit for future transfers • (31.7.12) • Recruitment to the new structure of the Regulatory Unit is complete, and savings target of £320k is on track to be met. • Outline Businesses Case & Approval to tender for Highways and Transport service to be considered by Cabinet 25.7.12 • Public Open Space Strategy being developed • A full review of Bereavement Services is taking place.
• **Strand 5 Corporate Structure and Processes** • Agreement on reduction in number of Corporate Directors • Review of Corporate processes completed and implemented • Key elements of new organisational structure implemented • Voluntary redundancy programme completed • New management structures embedded • Corporate Core developed and in place. • Performance challenge in place	• **Strand 5 Corporate Structure and Processes** • Managers Self Service/Employee Self Service portal is at pilot stage • New management development programmes have been implemented • Contract Management Paper consideration by OTP Programme Board and next steps agreed • Workforce savings targets achieved.
• **Strand 6 Business Opportunities** • HCA inward investment and development control staff transferred to the Council • Development of a composite proposal for transfer of HCA assets and tariff • Final 2 bidders for the residual waste contract appointed • Complete modelling of debt finance to finalise HRA debt transfer arrangements • Debt taken on for HRA self financing on 28th March 2012 with model in place from 1st April 2012. • Casino license awarded (29th March 2012)	• **Strand 6 Business Opportunities** • Approval for HCA assets to transfer to MKC Cabinet 20.6.12. • Transfer of HCA assets and tariff liabilities to the council draft agreement with a number of caveats on Heads of Terms now agreed. Final agreement schedule for late June/July 2012 • Planning approval for Casino. Income Generated £500K from Casino opening for MKC • Maximising the benefits of the waste solution • Waste solution in final tender stage, following

Achieved in previous 10 months June 2011 - April 2012	Achieved in Quarter April - July 2012
• Community Infrastructure Levy (CIL) delayed for one year to take account of Government legislation.	competitive dialogue with shortlisted bidders. • **Strand 7 Housing Programme (new June 2012)** • Housing Programme Start document approved. • **Governance Review** • Refresh and review of OTP Projects and Programmes - Structure Governance and progress. • Review of the role of OTP Operations Board to provide a wider Programme Assurance function.

Planned Future Achievements to April 2013
• Public Access transformed. encouraging channel shift, efficiency and reduced costs. • Business processes for Children & Families transformed, increasing efficiency • Health and Wellbeing Board, Public Health transition completed and established commissioning arrangements. • Final models for Transport and Trading Services implemented • Revised Open Space Strategy implemented • Development of Stanton Low Country Park under way • Community Infrastructure levy implemented • Contract Award for Waste Solution

Wards Affected:
All Wards

ITEM **17**
CABINET
25 JULY 2012

NEIGHBOURHOOD PLANNING

Author: Diane Webber, Senior Planning Officer, Tel: (01908) 25 2668

Executive Summary:

This report informs Cabinet about the process for Neighbourhood Planning including the designation of Neighbourhood Areas and the making of Neighbourhood Development Plans and Neighbourhood Development Orders. The report considers the first three Neighbourhood Area designation applications received by the council (for Central Milton Keynes, Woburn Sands Town Council and Wavendon Parish Council) and recommends that they should be approved.

The report's recommendations also propose how the required decisions in the Neighbourhood Planning process should be dealt with.

1. **Recommendation(s)**

1.1 That the following Neighbourhood Area applications be approved in accordance with Section 61G of the Town and Country Planning Act, 1990:

(a) The neighbourhood area covering the **Central Milton Keynes Town Council** area be designated as a business neighbourhood area

(b) The neighbourhood area covering the **Woburn Sands Town Council** area be designated as a neighbourhood area.

1.2 That consideration of the Neighbourhood Area application for the **Wavendon Parish Council** area be deferred to allow for further discussions to take place with the parish council in light of comments received on the application.

1.3 That the following decisions in the Neighbourhood Planning process, as defined in the Neighbourhood Planning (General) Regulations 2012, be delegated to the Assistant Director for Planning, Economy and Development after consultation with the relevant local ward member(s) and the Cabinet Member responsible for Strategic Planning:

(a) whether to accept and designate a Neighbourhood Area;

(b) whether an application for a neighbourhood development plan or order is valid and should be accepted;

(c) whether to decline or accept a repeat proposal for a neighbourhood development plan or order;

(d) the appointment of an examiner for a Neighbourhood Development Plan or Order;

(e) whether to make a neighbourhood development plan or order following a referendum, and

The following decisions be delegated to the Cabinet Member responsible for Strategic Planning:

(f) decisions as to what actions to take in response to an examiner's report,

(g) whether to modify neighbourhood development plans or orders.

2. Issues

2.1 **Neighbourhood planning:** The Localism Act 2011 (the Act) introduces neighbourhood planning as a new way for communities to decide the future of their own area. There are three types of neighbourhood planning processes:

(a) Neighbourhood Development Plans (NDPs) are plans which set out policies for the development and use of land in a particular Neighbourhood Area.

(b) Neighbourhood Development Orders (NDOs) grant planning permission for a specific use or development within a specified area.

(c) Community Right to Build Orders (CRtB) are a sub-category of NDOs. They enable community organisations to bring forward small scale, site specific, community-led developments, without the need to apply for planning permission.

2.2 **Neighbourhood Area applications:** The designation of a Neighbourhood Area is the first formal step for parish councils wishing to undertake neighbourhood planning for their area.

2.3 Regulation 5 of the 2012 Regulations require parish councils submitting an area application to include a map which shows the area to be designated; a statement explaining why the parish council considers the area to be appropriate for designation and confirmation that the parish council concerned is the relevant body for the purpose of neighbourhood planning for that area.

2.4 Regulation 6 requires that on receipt of a neighbourhood area application, the local planning authority publicises it for a period of not less than 6 weeks. The details of the consultation periods and methods for the three neighbourhood area applications being considered in this report are set out in Annex B. For each application there is also a summary of the comments received and your officer's response to them. Where the comments received raise issues, the comments and the officer's response have been discussed with the relevant parish and town councils and their response is reflected in the summary table.

2.5 The first three applications have been brought to Cabinet as part of this report to raise awareness of the neighbourhood planning process. Subject to Cabinet's agreement of Recommendation 1.2 above in respect of the delegation of decision making for neighbourhood planning functions, neighbourhood area applications in future will be delegated to the Assistant Director for Planning, Economy and Development.

2.6 Each of the three applications are considered in turn

2.7 **Central Milton Keynes:** the proposed neighbourhood area for Central Milton Keynes (CMK) covers the area for which Central Milton Keynes Town Council is the elected body and the relevant body for the purposes of neighbourhood planning under the Act and the 2012 Regulations.

2.8 The area covered by the proposed neighbourhood area application is identified as a business neighbourhood planning frontrunner by the Department for Communities and Local Government. Notwithstanding this, in submitting the neighbourhood area application, the Town Council has asked that the council give consideration to designating the area as a neighbourhood area rather than as a business neighbourhood area.

2.9 Section 61H to Schedule 9 of the Act requires that whenever a local planning authority exercises their powers to designate an area as a neighbourhood area they must consider whether they should designate the area as a business area. In designating a business area, the local planning authority should consider the area in question to be wholly or predominantly business in nature. The primary implication of designating a business neighbourhood area is that this triggers the need for an additional referendum for the business community alongside the referendum of residents. Regulations are awaited that will define how the business vote is to be allocated. Implicit in this approach is that the business community should be very closely involved in and support the preparation of the plan.

2.10 Annex B provides a summary of the comments received during the publicity period on the area application and your officer's response to those. It can be seen that whilst the identification of CMK as a business neighbourhood area has been supported by respondents, a question has been raised as to whether it is appropriate to also include Campbell Park in the area as this area at present is mainly residential.

2.11 The Core Strategy identifies CMK as the main focus of employment, retail and leisure in CMK. The city centre will be the focus of future office development and within Campbell Park over 100,000sqm of office floorspace is already permitted with potential for some 5,200 jobs. Whilst CMK and Campbell Park already also have an important element of residential development in place and there are plans for some 5,000 more homes it is considered that both of these areas fits the requirement for designation of a business area, being predominantly business in nature. The CMK Alliance which is the group leading the preparation of the neighbourhood development plan in CMK has established a Steering Group on which there is equal representation of members representing both the business community and the residents.

2.12 Having regard to the comments received it is considered that it is appropriate to designate the CMK neighbourhood area (including Campbell Park as defined on the neighbourhood area application) as a business area for the purpose of neighbourhood planning.

2.13 **Woburn Sands:** the proposed neighbourhood area for Woburn Sands covers the area for which Woburn Sands Town Council is the elected body and the relevant body for the purposes of neighbourhood planning under the Act and the 2012 Regulations.

2.14 The proposed area covers the whole parish and it is not appropriate to define the area as a business area under Section 61H of Schedule 9 of the Act. One representation has been received seeking the removal of land at Woodleys Farm from the neighbourhood area in order to provide flexibility should the site come forward as a strategic land allocation in the future.

2.15 The officer's comments on this representation are set out in Annex B and these and the representation have been discussed with the Town Council. The Town Council supports the officer's comments that, as the Woodleys Farm site does not form part of the Strategic Site Allocation in the Core Strategy and there are no outstanding planning proposals for the development of it as a strategic housing site, it would be appropriate to keep the site within the defined Neighbourhood Area. Should the situation change following the Core Strategy examination resulting in the inclusion of the site in a strategic site allocation, the neighbourhood plan would have to respect and be in broad conformity with such an allocation (ie the neighbourhood plan could not propose less housing on the site than was proposed in a higher level plan).

2.16 At this time therefore it is not considered appropriate to exclude this area of land from the neighbourhood area and it is therefore recommended that the area be designated as per the Town Council's proposal.

2.17 **Wavendon:** the proposed neighbourhood area for Wavendon covers the area for which Wavendon Parish Council is the elected body and the relevant body for the purposes of neighbourhood planning under the Act and the 2012 Regulations.

2.18 The proposed area covers the whole parish and it is not appropriate to define the area as a business area under Section 61H of Schedule 9 of the Act.

2.19 Seven representations have been received raising issues about the extent of the neighbourhood area, the overlap with areas that are already developed, subject to planning permission or the subject of strategic policies in the emerging Core Strategy. Questions are also asked of the scope of the proposed neighbourhood plan. Concerns have been raised that as the Neighbourhood Area proposed covers the whole of the parish area, it includes the Strategic Land Allocation which is identified in the Core Strategy and for which a Development Framework Supplementary Planning Document is being prepared. The concern is that the Neighbourhood Plan process might duplicate the development framework process. The representations are summarised in Annex B, together with your officer's comments in response.

2.20 The representations have been referred to the parish council and need to be discussed further with them. In view of this it is suggested that consideration of this application should be deferred to allow for all of the issues to be fully assessed.

2.21 **Decision making for neighbourhood planning proposals:** The Act and the subsequent Neighbourhood Planning (General) Regulations 2012 (the 2012 Regulations) confer specific functions on local planning authorities in relation to neighbourhood planning. As these functions are new to the council, this report has been prepared to consider who within the council has the authority to carry them out.

2.22 Under the Act and the 2012 Regulations, the majority of decisions to be made by the council in respect of neighbourhood planning are administrative and need to be taken against set criteria where the element of discretion is limited. As such it is recommended that the majority of these decisions could be delegated to the Assistant Director for Planning, Economy and Development. The exception to this approach is in respect of decisions as to what actions to take in response to an examiner's report and whether to modify neighbourhood development plans or orders. It is suggested that these decisions are delegated to the Cabinet member responsible for Strategic Planning as they could potentially involve more than minor administrative decisions.

2.23 Annex A to this report provides more background information for each of the neighbourhood planning decisions outlined in the Recommendations section above.

2.24 The Executive Scheme of Delegation creates allowances for delegation of decision-making downwards to a single Cabinet member, the Chief Executive, Corporate or Assistant Director, subject to limitations. The most relevant Cabinet portfolio for neighbourhood planning functions is Economy, Development and Enterprise. This portfolio brings together the 2011/2012 portfolio of Growth and Development with that for Economic Development.

2.25 Under the portfolio of Growth and Development there were three specified decisions reserved for Cabinet or Cabinet Committee:

(a) All relevant matters reserved for Cabinet level decision as detailed in the Rules of Procedure.

(b) Policy Developments of strategic significance relating to the Portfolio's Terms of Reference.

(c) Such other matters as the Leader directs or the Cabinet may from time to time reserve to itself for decision.

2.26 Of the three decisions specified above, (b) is the most relevant to neighbourhood planning although it is considered, that, in the majority of cases, the local nature of neighbourhood planning proposals mean that they are unlikely to be of strategic significance. Each neighbourhood planning matter requiring a decision will need to be considered on its merits, in consultation with the relevant Cabinet member, to determine the appropriate level of delegation.

2.27 Neighbourhood planning proposals might also be considered to be a key decision where they significantly affect more than two or more wards. Each matter requiring a decision will need to be considered on its merits and included on the Forward Plan if considered to be a Key Decision.

3. **Options**

3.1 <u>Neighbourhood Area applications:</u> Once a neighbourhood area application is submitted, the 2012 Regulations require the council to come to a view on it and publicise that decision. It is recommended above that the area applications for CMK and Woburn Sands be approved with the CMK area be approved as a business area. Other options would be:

(a) Refuse the area applications

(i) there are not considered to be any planning reasons to refuse these applications

(b) Approve CMK as a neighbourhood area rather than as a business neighbourhood area

(i) Section 61H of the Act requires the council to designate a business area for areas that are wholly or primarily commercial in nature. For the reasons given in para 2.7 onwards above, it is considered appropriate that CMK should be designated a business area. Not doing this would mean that the interests of businesses within the area might not be fully or adequately represented.

3.2 It is recommended that the neighbourhood area for Wavendon be deferred to allow for further discussion of issues raised in representations with the parish council. Other options would be:

(a) refuse the application

(i) This would be unduly punitive at this stage, in advance of discussions with the parish council to understand how they would like to proceed in the light of the representations

(b) Approve the application now

(i) This could leave the neighbourhood plan open to challenge, either now or at a later stage once considerable work had been carried out.

3.3 Decision making on neighbourhood planning: The 2012 Regulations place requirements on Local Planning Authorities to fulfil certain functions and take certain decisions. The council does have options though in terms of how those decisions could be taken.

3.4 This report advocates delegation of decision making to the Assistant Director for Planning, Economy and Development. Each application and submission will be discussed with the relevant Cabinet portfolio holder and the views of ward member will be taken on board; allowing for contentious applications of issues to be considered at a higher level. Other options are:

(a) Cabinet to be the decision making body – this would have a number of implications:

(i) Slower and less responsive timescales for decision making on the relatively minor and uncontentious issues

(ii) Increased volume of reports on Cabinet agendas as reports are needed for each of the stages of decision making on neighbourhood planning

(b) Delegation of all decisions to the Cabinet member – implications of this would be

(i) Increased volume of reports requiring Cabinet member decision. as reports are needed for each of the stages of decision making on neighbourhood planning

4. Implications

4.1 Policy

The National Planning Policy Framework sets out that neighbourhood plans must be in general conformity with the strategic policies of the Local Plan.. Neighbourhood plans should reflect these policies and neighbourhoods should plan positively to support them. Neighbourhood plans and orders should not promote less development than set out in the Local Plan or undermine its strategic policies. In Milton Keynes, the strategic policies are set out in the adopted Milton Keynes Local Plan and the emerging Core Strategy.

Once a Neighbourhood Plan has successfully passed all of the stages of preparation, including an examination and referendum, it is ‘adopted’ by the local planning authority, forms part of the authority’s Development Plan and is a material consideration when considering development proposals. In terms of the planning policy hierarchy, a Neighbourhood Plan, once adopted carries more weight than a Supplementary Planning Document.

Resources and Risk

The Localism Act and the 2012 Regulations place new duties on local planning authorities in relation to neighbourhood planning. These new duties have implications for staff resources as the council has a duty to support parish councils wishing to undertake neighbourhood planning, in addition to which there are the decision-making processes set out in this report which will involve staff time and costs in publicising proposals; considering comments received; and assessing submitted neighbourhood plans against strategic policies. The costs of arranging both the examination and the referendum fall to the local planning authority.

Where a business neighbourhood area is proposed, then an additional referendum of the business community will need to be held.

Staff resources to support neighbourhood planning will come from the existing staff within the Development Plan team.

The council has received funding of £20,000 from CLG towards the production of each of 6 frontrunner neighbourhood plans of which the CMK business neighbourhood plan is one. There is no CLG funding available for the Wavendon and Woburn Sands neighbourhood plans; support from MKC for these plans will be limited to staff resources and access to evidence and background information.

N	Capital	Y	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	N	Asset Management

4.2 Carbon and Energy Management

The proposals do not impact on carbon and energy management.

4.3 Legal

Neighbourhood planning is part of the Government's initiative to empower local communities to take forward planning proposals at a local level as outlined in Section 116 of the Localism Act, 2011. The Act and the subsequent 2012 Regulations confer specific functions on local planning authorities in relation to neighbourhood planning.

4.4 Other Implications

Stakeholders:

The proposed Neighbourhood Area applications have been the subject of consultation for 6 weeks and the views of stakeholders are reported in this report and set out in Annex B.

Consultation and involvement of stakeholders is an important part of the neighbourhood planning process and will ultimately be tested by a single issue referendum at the end of the process.

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	Y	Stakeholders	N	Crime and Disorder

Background to the neighbourhood planning process

Neighbourhood planning is a new way for communities to decide the future of the places where they live and work.

Neighbourhood Development Plans ("NDPs") are plans which set out policies in relation to the development and use of land in a particular Neighbourhood Area ("NA"). Neighbourhood Development Orders ("NDOs") grant permission for specific uses or types of development within a specific area.

The Neighbourhood Planning (General) Regulations 2012 set out a number of functions and decision for local planning authorities in relation to neighbourhood planning. These are:

Designating a Neighbourhood Area (NA)

Before a NDP or NDO can be submitted for consideration, a NA needs to have been designated. Only a "relevant body" can apply for a NA to be designated. Where an area is parished, as is the case throughout Milton Keynes, the relevant body is the Parish or Town Council for the area concerned

In most cases it is anticipated that the decision to accept an application for an NA and then to designate it is unlikely to be controversial. It is therefore recommended that the decision should be delegated to the Assistant Director for Planning, Economy and Development following consultation with the relevant Cabinet portfolio holder and local ward members.

Making an application for a Neighbourhood Development Plan/Order

The procedures for making NDPs and NDOs are very similar. In each case specific pre-submission consultation and publicity must be carried out by the Parish Council. There is also specific information that has to be submitted in each case before an application can be accepted. As the question as to whether a valid application has been received is an administrative decision it is recommended that it be delegated to the Assistant Director for Planning, Economy and Development following consultation with the relevant Cabinet portfolio holder and local ward members.
.

Repeat proposals

There is power for the Local Planning Authority to decline to consider a proposal for a NDP or a NDO if it is a repeat proposal. That is, during the last 2 years the LPA has refused the same or a similar proposal or in a referendum on the same or a similar proposal less than half of those voting voted in favour of the proposal and the LPA consider there has been no significant change in relevant considerations (which are defined) since the refusal or the referendum. Publicity has to be given to this decision. The decision to decline, whilst possibly controversial, will be made against set criteria and it is therefore recommended that this decision be the Assistant Director for Planning, Economy and Development following consultation with the relevant Cabinet portfolio holder and local ward members.

Considering a submitted NDP or NDO

Once a valid application for a NDP or a NDO has been received, the LPA must publicise the application. After this has been done the proposal must be submitted for independent examination together with any representations received. The examination will usually be carried out by written representations.

Examination

Following the examination the examiner will issue a report recommending either:

- that the draft proposal be submitted to a referendum or
- that modifications (which are limited in scope) specified in his report are made and the modified draft is submitted to referendum, or
- that the proposal be refused.

If the examiner considers that the proposal does not meet the required conditions or the statutory requirements it cannot be submitted to a referendum.

The LPA must consider each of the recommendations made by the report and the reasons for them and decide what action to take in response to each recommendation.

It is recommended that the decision on these recommendations be delegated to the Cabinet member responsible for Strategic Planning.

Referendum

If the LPA decide to submit the proposal to a referendum either with or without modifications, the LPA must make the order or plan if more than half of those voting vote in favour of the proposal. As there is no discretion involved and this is an administrative decision, this could be delegated to the Assistant Director for Planning, Economy and Development following consultation with the relevant Cabinet portfolio holder and local ward members.

The decision to make an order or plan and the making of that order or plan must both be publicised but this publicity can be combined and done at the same time.

Revoking or modifying an NDP or NDO

There is also power to revoke or to modify a NDP or NDO. It is recommended that the decision to make minor modifications to a plan or order should be delegated to the Cabinet portfolio holder for strategic planning.

Neighbourhood area applications – publicity and comments received

Central Milton Keynes Town Council	
Proposed Neighbourhood Area	The parish of Central Milton Keynes following the parish boundary.
Publicity period	Tuesday 8 May to Tuesday 19 June 2012
Publicity methods	• MKC website (http://www.milton-keynes.gov.uk/planning-policy/displayarticle.asp?ID=86338) • Public notice in the MK Citizen newspaper • Item in the Members Weekly News for all councillors • Email to all parish councils • Item in the Tuesday Bulletin • Included in the Council's Consultation finder on the website

Central Milton Keynes	**Comments received:**	
Source	**Summary of Comments**	**MKC officer response**
Campbell Park Parish Council	No comment	Noted
Bedford Group of Drainage Boards	General comment - neighbourhood plans should include a section on flood risk management such that consideration can be given to flood risk, existing assets and their performance, the important role of riparian ownership and the need for the maintenance of assets.	Noted – officers to disseminate this information parishes undertaking neighbourhood plans.
D2 Planning for X- Leisure (Milton Keynes) Ltd.	X-Leisure wants to take an active part in the preparation of plans and proposals for CMK and are already a member of the CMK Alliance. The neighbourhood area predominantly includes CMK and as such the designation as a business neighbourhood area would be appropriate and is supported The neighbourhood area should, however, be amended to exclude the Campbell Park area for the following reasons: • Campbell Park is not included in CMK in either the local plan or Core Strategy, nor are there proposals to include it • Campbell Park is predominantly residential in character and different in character to the rest of CMK • Inclusion of Campbell Park could dilute the emphasis of the CMK business neighbourhood.	It should be noted that Campbell Park is included within the CMK development boundary as defined in Figure 7.1 of the Core Strategy. As such Campbell Park is considered to be an integral part of CMK. Although to date Campbell Park has been developed primarily for residential use, the Core Strategy (Table 5.7) identifies that over 100,000sqm of office floorspace has been permitted in Campbell Park. In the long term therefore, Campbell Park has the potential to have much more of a commercial character which would bring it closer in character to the primarily commercial nature of CMK as a

	The business neighbourhood plan should provide a flexible framework for businesses operating in CMK and should identify ways to reduce the burden on businesses by making it easier for changes of use to take place as well as other forms of development.	whole.
Great Linford Parish Council	GLPC shares a common boundary with CMK. GLPC questions whether, given that the CMK area is primarily commercial in character, would the neighbourhood plan adequately represent the interests of the CMK residents. GLPC asks MKC to consider the possibility of a revised neighbourhood area that includes people living in the adjacent areas such as Conniburrow and Downs Barn. People living in these areas currently have no direct say in the neighbourhood plan process and will be excluded from the referendum even though they will experience the impact of further growth in CMK. GLPC would therefore like MKC to give consideration to other options, such as a joint parish council/CMK Town Council working arrangement and will be seeking a position and representation on the CMK Alliance steering group. CMK is already a business neighbourhood area frontrunner; it is a predominantly business area with further business land uses supported by the core Strategy. As such GLPC consider it appropriate to designate the area as a business neighbourhood area.	The CMK Alliance steering group which is leading the neighbourhood plan process, has equal representation for groups representing residents as well as businesses. Whilst, at present, residents of the surrounding grid squares are not directly represented on the CMK Alliance steering group, there is nothing to stop them from contributing to the neighbourhood planning process. It is too early to say that residents in surrounding grid squares will be excluded from the referendum, as the area that a referendum should cover would be one matter to be considered when the plan is examined. For an area such as CMK, which serves a much wider than just local area, it is considered likely that it there would be an argument for the referendum area to be extended beyond the CMK neighbourhood plan area.

Woburn Sands Town Council	
Proposed Neighbourhood Area	The parish of Woburn Sands following the parish boundary.
Publicity period	Tuesday 8 May to Tuesday 19 June 2012
Publicity methods	• MKC website (http://www.milton-keynes.gov.uk/planning-policy/displayarticle.asp?ID=86338) • Woburn Sands Town Council website (http://www.woburnsands.co.uk/?page_id=484) • Public notice in the MK Citizen newspaper • Item in the Members Weekly News for all councillors • Email to all parish councils • Item in the Tuesday Bulletin • Included in the Council's Consultation finder on the website

Woburn Sands Town Council Neighbourhood Area	**Comments received:**	
Source	**Summary of Comments**	**MKC officer response**
Campbell Park Parish Council	No comment	Noted
Aspley Guise Parish Council	Supports the proposed neighbourhood area	Noted
Bedford Group of Drainage Boards	General comment - neighbourhood plans should include a section on flood risk management such that consideration can be given to flood risk, existing assets and their performance, the important role of riparian ownership and the need for the maintenance of assets.	Noted – officers to disseminate this information parishes undertaking neighbourhood plans.
J Wardley	Local resident with concerns about new development and impact on local facilities. Need for local control over development in order to protect the character and attractiveness of the existing villages and town. It is important that a neighbourhood area is strongly thought about for the area.	Noted
James Farmer	Proposes the removal of Woodleys Farm site from the proposed neighbourhood area. The site has been identified in the SHLAA and evaluated by MKC as a possible area of future expansion. Until the outcome of the Core Strategy examination is known, the site should be removed to allow a more flexible approach for the site to come forward, without the interference of Woburn Sands Town Council.	The Woodleys Farm site does not form part of the Strategic Site Allocation in the Core Strategy and there are no outstanding planning proposals for the development of it as a strategic housing site. At present it would be appropriate to keep the

	The site adjoins the East-West rail link and should be excluded from the neighbourhood plan area in case it is required as an emergency site allocation to fund the route.	site within the defined Neighbourhood Area. Should the situation change following the Core Strategy examination resulting in the inclusion of the site in a strategic site allocation, the neighbourhood plan would have to respect and be in broad conformity with such an allocation (ie the neighbourhood plan could not propose less housing on the site than was proposed in a higher level plan).

Wavendon Parish Council	
Proposed Neighbourhood Area	The parish of Wavendon following the parish boundary.
Publicity period	21 May to 2 July 2012
Publicity methods	• MKC website (http://www.milton-keynes.gov.uk/planning-policy/displayarticle.asp?ID=86338) • Wavendon Parish Council website (http://www.wavendonparishcouncil.co.uk/development-of-a-neighbourhood-plan.html) • Public notice in the MK Citizen newspaper • Item in the Members Weekly News for all councillors • Email to all parish councils • Item in the Tuesday Bulletin • Included in the Council's Consultation finder on the website

Wavendon Parish Council Neighbourhood Area	**Comments received:**	
Source	**Summary of Comments**	**MKC officer response**
Aspley Guise Parish Council	Supports the proposed neighbourhood area	Noted
Bedford Group of Drainage Boards	General comment - neighbourhood plans should include a section on flood risk management such that consideration can be given to flood risk, existing assets and their performance, the important role of riparian ownership and the need for the maintenance of assets.	Noted – officers to disseminate this information parishes undertaking neighbourhood plans.
J Wardley	Local resident with concerns about new development and impact on local facilities. Need for local control over development in order to protect the character and attractiveness of the existing villages and town. It is important that a neighbourhood area is strongly thought about for the area.	Noted
Barton Willmore for Gallagher Estates	Whilst not objecting to the principle of WPC seeking to prepare a neighbourhood plan, Gallagher Estates are concerned that the neighbourhood area includes the land within the Strategic Land Allocation as identified in the Core Strategy and for which a Development Framework is being produced. Any duplication or interference with the delivery of	The neighbourhood plan would not be able to affect the Strategic Land allocation in an adopted Core Strategy as the plan needs to be in broad conformity with strategic policies. It is also to be hoped that the parish council

	the SLA that could potentially arise from neighbourhood planning would be inappropriate and not in accordance with the NPPF. Gallagher Estates would like to see the SLA excluded from the Neighbourhood Area.	would not be seeking to duplicate the work already underway on the preparation of the draft Development Framework for the area. Further discussion is needed with Wavendon Parish Council on this matter – it would be beneficial if further information could be prepared by Wavendon Parish Council to explain their reasons for preparing a neighbourhood plan and to clarify its intended scope. This might go some way to allaying the concerns of landowners in the area.
David Lock Associates for Burford Group and Merton College	Object to the proposal for a neighbourhood plan and the inclusion of clients' land within the Neighbourhood Area and request that the application be refused. The proposed Neighbourhood Area covers extensive areas of land that are already developed; which have the benefit of planning permission or which are the subject of policies in the Core Strategy and an emerging Development Framework. All other land in the parish is controlled by policies which generally protect open countryside. A neighbourhood plan would contribute nothing more unless there are some very local issues for the village and, if so, the plan should be confined to the village envelope of Wavendon. Neither the Burford Group nor Merton College have been approached by Wavendon Parish Council for their views or agreement to the inclusion of their land in the Neighbourhood Area. We do not know the parish council's intentions or reasons for the application. Our clients object to the inclusion of the 18 hole golf course – it is a private golf course, designated as open space – we see kits removal from the plan area. The inclusion of the Strategic Land Allocation in the application is unnecessary, unwarranted and liable to	As above

	confuse all parties given that the Development Framework SPD for the area is being prepared with wide consultation by Milton Keynes Council including input from the Parish Council. The parish council's statement accompanying the Neighbourhood Area that explains why the area is considered to be suitable for neighbourhood planning extends to only three bullets which are either not relevant or without substance.	
David Lock Associates for Places for People	Place for People do not wholly agree with the extent of the Neighbourhood Area. Places for People are responsible for delivering Brooklands, a large scale mixed use development that represents the final stage of the wider strategy fir the Eastern Expansion Area (EEA). There is a comprehensive range of planning policy and guidance to successfully steer Brooklands and the EEA which negates the need for any further layer of planning policy. Whilst, therefore, we support the principle of a neighbourhood area for Wavendon as an area of future change, we believe that it is not necessary for the land to the north of the A421 to be included in the proposed plan area.	Given that the area to the north of the A421 is comprehensively planned it is worth discussing this matter further with the parish council. There are benefits in reducing the overall extent of the neighbourhood area as a smaller, more tightly focussed neighbourhood plan area would allow the parish to focus its time and resources on the key local issues.
Revise SR4	The Neighbourhood Area proposal includes Church Farm. The new Church Farm development will be integrated into both Old Farm Park and Wavendon Gate infrastructure and will impact more on these communities than on Wavendon. Revise SR4 would like to suggest that the parish boundary be redrawn to move Church Farm into Walton Parish. This would ensure that residents of the affected area could be involved in a neighbourhood plan that Walton Community Council is currently discussing. Failing this, a happy medium could be a joint neighbourhood plan relating solely to Church Farm, prepared by both	There are no plans to revise parish boundaries in this area at present. It is not considered appropriate for a neighbourhood plan to be prepared just for Church Farm, as the site is allocated for development in the Core Strategy and the neighbourhood plan would have to be in conformity with that. It would be expected that parishes working on a neighbourhood plan collaborate and consult with their neighbours to consider any mutual

	Wavendon and Walton parish councils.	issues or impacts.
Terence O'Rourke for O&H Properties	O&H Properties own a large area of land to the south of the Wavendon which falls within the proposed Neighbourhood Area. The land was previously part of the South East Strategic Development Area and remains suitable for a strategic expansion of the city. As such our clients raise concerns over the inclusion of this land in a neighbourhood plan due to its potential wider importance. Also question the inclusion of any strategic land in the Neighbourhood Area in advance of the adoption of the Core Strategy. The formation of a neighbourhood plan in advance of the Core Strategy adoption is premature. Therefore object to the inclusion of client's land in the Neighbourhood Area. They have not been approached by the Parish Council for their views on the inclusion of their land in the plan area.	Further discussion is needed with Wavendon Parish Council on this matter – it would be beneficial if further information could be prepared by Wavendon Parish Council to explain their reasons for preparing a neighbourhood plan and to clarify its intended scope. This might go some way to allaying the concerns of landowners in the area.
David Lock Associates for Gazeley UK Ltd	Gazeley is responsible for the delivery of Magna Park as part of the wider strategy for the EEA. There is a comprehensive range of planning policy and guidance that provides a platform for local views to be expressed and to shape developments at Magna Park. Existing legal agreements also make it difficult to change agreed commitments. As such it is not necessary for the land north of the A421 to be included in the proposed neighbourhood plan area. .	Given that the area to the north of the A421 is comprehensively planned it is worth discussing this matter further with the parish council. There are benefits in reducing the overall extent of the neighbourhood area as a smaller, more tightly focussed neighbourhood plan area would allow the parish to focus its time and resources on the key local issues.
Bidwells for Connolly Homes	Wish to register an objection to the proposed Neighbourhood Area. Generally, the application is poorly mad with insufficient detail, it does not set out the intended scope of the Plan to detail how the parish council intends to prepare a neighbourhood plan. There is insufficient justification to demonstrate the need to include the full extent of the civil parish and specifically the Strategic Land Allocation. A neighbourhood plan on the basis of the currently	The neighbourhood plan would not be able to affect the Strategic Land allocation in an adopted Core Strategy as the plan needs to be in broad conformity with strategic policies. It is also to be hoped that the parish council would not be seeking to duplicate the work already underway on the preparation of the draft Development Framework for the area.

	application could cause unnecessary duplication with the established process that is underway for the Core Strategy and the Development Framework for the SLA. Planning applications for the development of the SLA are likely to come forward in advance of the adoption of a neighbourhood plan – as such the SLA should be omitted from the plan area. We are not aware of any scoping exercise by the parish council to inform the plan area or the extent of support for a neighbourhood plan. Neither the landowner nor the promoter of the Church Farm site have been contacted by the parish council prior to the application being made. One of the reasons for wanting to do a Neighbourhood Plan is to provide an opportunity for community engagement. Milton Keynes Council has embraced the spirit of localism and provided opportunities for the local community to get involved in the SLA process through stakeholder groups and consultation. The application should be rejected, or the SLA removed from the area.	Further discussion is needed with Wavendon Parish Council on this matter – it would be beneficial if further information could be prepared by Wavendon Parish Council to explain their reasons for preparing a neighbourhood plan and to clarify its intended scope. This might go some way to allaying the concerns of landowners in the area.

Wards Affected:
Wolverton

ITEM **18**

CABINET

25 JULY 2012

UPDATE ON WOLVERTON NEIGHBOURHOOD PLAN AND CONSIDERATION OF COMPULSORY PURCHASE OF THE AGORA SITE

Authors: Nick Fenwick, Assistant Director: Planning, Economy and Development, Tel: (01908) 252492

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Executive Summary:

A Neighbourhood Plan is being prepared in Wolverton, being led by a Steering Committee under Wolverton and Greenleys Town Council and Wolverton Steering Group. As part of the preparation process so far, there has been engagement with the community and key landowners in the area. Further consultation is planned shortly, to consider the options to be included in the draft Neighbourhood Plan.

A key element of the proposed plan is considering the future of the Agora Shopping Centre and how the site could be brought forward for redevelopment. This report details the proposal for the Council to consider the compulsory purchase of the Agora in a partnership with Wolverton and Greenleys Town Council, Wolverton Steering Group and a development partner, and the process that would take.

1. Recommendations

1.1 That work be commenced on a Compulsory Purchase Order (CPO) for the Agora if the landowner(s) is/are unwilling to engage in plans for its redevelopment, on the basis of a back-to-back arrangement to ensure that the CPO would only be carried out if a buyer for the site could be found.

2. Wolverton Neighbourhood Plan

2.1 Wolverton was included as one of the Government's Neighbourhood Planning Frontrunner projects in May 2011. The successful bid to DCLG was led by Wolverton Steering Group, and a Neighbourhood Plan Steering Committee was set up to lead the day-to-day work on the project.

2.2 Following the introduction of the Neighbourhood Planning (General) Regulations 2012 and the Localism Act 2011, in a parished area like Wolverton, it can only be the Parish Council that can be the 'relevant body' for a Neighbourhood Plan. Because of this, Wolverton and Greenleys Town Council have now taken ownership of the Neighbourhood Plan and have submitted to Milton Keynes Council an application to designate an area of Wolverton Town Centre as a Neighbourhood Plan Area under Regulation 5 of the 2012 Regulations.

2.3 Consultation on this application ends today (25 July 2012), and will be determined in accordance with the scheme of delegation proposed in the relevant item of this Cabinet agenda.

2.4 The preparation of a Neighbourhood Plan follows a long history of work by both the community and MKC to help promote Wolverton as a thriving and sustainable town centre. This work included a Town Centre Health Check in 2002/03 which produced a vision for the future of the town. This Future Wolverton Vision was refreshed during 2010, and an action plan developed to help deliver its aims.

2.5 The Milton Keynes Local Plan (adopted 2005) supports the regeneration of Wolverton Town Centre, and identifies the town as a "District Centre". To support the Local Plan policies, a Wolverton Regeneration Strategy Supplementary Planning Document was also prepared. Later, it was decided to prepare a Wolverton Area Action Plan, but this was subsequently suspended in order to progress work on the Core Strategy.

2.6 The preparation of the Neighbourhood Plan is the opportunity to bring together the community aspirations for the town with the weight of a statutory planning document. As part of this process, there has already been significant community and stakeholder engagement, as shown in Table 1 below.

2.7 A Neighbourhood Plan is prepared by the community to reflect their own aspirations and needs. It is not the Local Planning Authority's plan (although, assuming the relevant regulations are met and the plan receives support at a local referendum, it would be adopted by the Council as part of the Development Plan); the Council's role is advisory only.

Table 1 – Community Engagement on the Neighbourhood Plan to date

Leaflet, poster and exhibition campaign January – February 2012	To publicise the Neighbourhood Plan public meetings and ask for views on the main issues facing Wolverton Town Centre, leaflets were distributed to all homes and businesses in the parish, and posters displayed in various places in the town centre. In addition, information panels were displayed in the Town Hall/Library foyer for several weeks, asking people to return their completed leaflets.
Landowner Round-table meeting 13 January 2012	Attended by key landowners, including Places for People, Tesco, St Modwen (owners of the railway land), Milton Keynes Council and agents for the Agora building. Facilitated by the Princes Foundation. Landowners were asked to explain their past and current involvement in the area and any plans for the future.

Public Open Meeting 31 January 2012	Public meeting attended by over 150. Introduced the concept of a Neighbourhood Plan and the work to be done over the following days. Participants were also asked to contribute their views on some of the key issues affecting the town centre. Again, facilitated by the Princes Foundation.
Stakeholder day 1 February 2012	A full day workshop, attended by more than 40 key stakeholders, including landowners, residents, business owners, Town Councillors, Ward Members, MKC officers and representatives from various local community groups. Presentations from the Princes Foundation and MKC officers set the context for extensive group discussions on priorities and actions.
Public Open Meeting 2 February 2012	Following the workshop and using the other feedback from the first public meeting and responses to the leaflet, the Princes Foundation team, together with officers from the MKC Urban Design team prepared some proposals to address the various issues raised. These proposals were presented and discussed with the community at this second public meeting, attended again by more than 150 people.
E-newsletters and Future Wolverton website Ongoing	An e-newsletter is circulated regularly to a growing distribution list to maintain publicity about the Neighbourhood Plan and to provide updates as more information becomes available. This has included sign-posting to the Future Wolverton website (www.futurewolverton.co.uk) and the report from the Princes Foundation following the community workshops.

2.7 As discussed in Table 1, much of this early engagement work has been supported by the Princes Foundation. This follows a successful approach to the Princes Foundation in Autumn 2011 as one of the bodies appointed by DCLG to support Frontrunner Neighbourhood Plans. Their programme of support included the three-day community workshop set out in Table 1 and the subsequent production of a comprehensive report of the outputs of that work. The Princes Foundation has continued to be involved in the Neighbourhood Plan process, with a particular focus on development viability and the proposal for the compulsory purchase of the Agora site.

2.8 Community engagement on the options to be included in the Neighbourhood Plan is to be undertaken in July 2012. It is anticipated that the Neighbourhood Plan will include policies covering the principles for future redevelopment of the railway works site; proposals for creating a one-way route along Church Street and Radcliffe Street; sign-posting and other improvements to the public realm and legibility of routes around the town centre; and the redevelopment of the Agora shopping centre, including re-instating the historic alignment of Radcliffe Street. This report considers the potential to use the Council's compulsory purchase powers to bring forward the redevelopment of the Agora site.

3. Agora Shopping Centre

3.1 The Agora is a large indoor shopping centre, built in 1979 by the Milton Keynes Development Corporation as a ‘gift’ to Wolverton in an effort to revive the faltering Town Centre. The building was positioned in the geographical middle of the town, splitting Radcliffe Street in two, which has effectively separated the main commercial areas.

3.2 Rather than boosting the economy in Wolverton, it is generally agreed that it contributed to the decline of the Town Centre, and the Agora is now one of the most commonly cited ‘problems’ with the town’s urban fabric. There is a strong call locally for the redevelopment of the site. At the public open meetings in January and February 2012 and through wider community engagement, this feeling has been firmly re-stated.

3.3 A key part of the work that the Princes Foundation did through their involvement in the Neighbourhood Plan was to prepare a proposal for how the Agora site could be redeveloped, with an economically viable, mixed-use scheme. This work has since been built upon by the Council’s Urban Design team, and the details of these potential schemes are to be considered through public consultation.

3.4 Throughout the Neighbourhood Plan work done to date, significant efforts have been made to engage the current owners of the Agora, Leyland Holding Company, Their local agent did attend the Landowner Round-table meeting in January 2012, and the economic advisor from the Princes Foundation has also had a conversation with the owners of the building.

3.5 The owners have said that they feel the building continues to fulfil a useful purpose for small and start-up retail and commercial uses. They propose to make maintenance improvements to the building, but do not intend to redevelop the site themselves. However, they have indicated that they may be willing to work as a partner in a redevelopment scheme, and this will be explored as part of the process set out below.

4. Compulsory Purchase process

4.1 It is intended that Milton Keynes Council begin to prepare for the compulsory purchase of the Agora Shopping Centre, to secure the future redevelopment of the site in line with the emerging Neighbourhood Plan for Wolverton Town Centre. The project would be carried out through a partnership between Milton Keynes Council, Wolverton and Greenleys Town Council, Wolverton Steering Group and a Development Partner. The procurement of that Development Partner would be part of the process set out below. Compulsory purchase is only intended as a last resort, and attempts to acquire the site by agreement will continue in tandem with this process.

4.2 Table 2 below sets out the anticipated process that will be needed to get to the point of acquiring the site, and the potential timings of each stage. This process is only indicative at this time, and will be confirmed at the start of the project. If a Compulsory Purchase Order (CPO) is needed, if negotiations to purchase the site by agreement are unsuccessful, there is a due process that must be carried out which isn't fully reflected in this table.

Table 2 – Indicative process and timings

<table>
<tr><td>1</td><td colspan="4">Cabinet resolves to pursue the acquisition of the Agora Shopping Centre on a back-to-back basis with a Development Partner so the purchase would only proceed if the Council has simultaneously entered into a binding contract of sale for the site with the Development Partner.</td><td>July 2012</td></tr>
<tr><td>2</td><td colspan="4">Project team set up to reflect the partner arrangement between MKC (including representatives from Planning, Property Services, Legal and Finance), Wolverton and Greenleys Town Council and Wolverton Steering Group</td><td>August 2012</td></tr>
<tr><td>3</td><td colspan="4">Proposed uses for the redevelopment scheme are decided, and checked with external agents to ensure economic viability</td><td>August 2012</td></tr>
<tr><td>4</td><td colspan="4">Development Brief for the site prepared. Preparation of the Neighbourhood Plan continues alongside this process, with Development Brief providing additional detail. Public consultation held on the proposals.</td><td>September / October 2012</td></tr>
<tr><td>5</td><td colspan="4">Milton Keynes Council begins the legal process for Compulsory Purchase Order for the site, to be used in the event that negotiation is unsuccessful</td><td>October 2012</td></tr>
<tr><td>6</td><td colspan="4">Tender information and brief prepared for procurement process, setting out what we want from the Development Partner.</td><td>November 2012</td></tr>
<tr><td>7</td><td colspan="4">Procurement process to assess potential partners, including the development proposals. Development Partner chosen</td><td>December 2012</td></tr>
<tr><td>8</td><td colspan="4">Development Partner prepares Planning Application for redevelopment proposals, in close consultation with Project Team guided by the agreed Development Brief. Application submitted and considered by Development Control Committee.</td><td>January – April 2013</td></tr>
<tr><td>9</td><td colspan="4">Development Partner pursues acquisition of Agora Shopping Centre (if planning permission is granted) through negotiation with owner(s).</td><td>May 2013</td></tr>
<tr><td>10</td><td>If negotiations with owner(s) are <u>unsuccessful</u>, Milton Keynes Council proceeds with the next stage of the Compulsory Purchase procedure</td><td rowspan="2"><u>OR</u></td><td rowspan="2">12</td><td rowspan="2">If negotiations with owner(s) are <u>successful</u>, Development Partner acquires site and development commences.</td><td rowspan="2">July 2013</td></tr>
<tr><td>11</td><td>Site is acquired by Milton Keynes Council through Compulsory Purchase, and immediately passed to the Development Partner under the back-to-back arrangement, and development commences</td></tr>
</table>

4.3 The ongoing preparation of the Neighbourhood Plan for Wolverton is important to the strength of a Compulsory Purchase Order, as there needs to be justification within planning policy and a compelling case that the redevelopment of the site is in the public interest, to support the order. Further, the Council would also need to demonstrate that all other options have been explored through negotiations with the existing owners, since compulsory purchase is only intended as a last resort.

5. Options

5.1 If Milton Keynes Council did not want to pursue the acquisition of the Agora Shopping Centre through a Compulsory Purchase Order (and negotiations between the Development Partner and current owners failed), it is unlikely that the redevelopment of the site would happen in the foreseeable future. The existing owners have indicated that they believe the building still fulfils a useful role and have no intention of redeveloping the site themselves. The implication of this would be that the emerging Neighbourhood Plan for Wolverton Town Centre would be undeliverable as redevelopment of the Agora Shopping Centre is a key element of this, and the regeneration of Wolverton as proposed by the Milton Keynes Local Plan would be jeopardised.

6. Implications

6.1 Policy

As discussed above, the redevelopment of the Agora would support Milton Keynes Local Plan Policy TC11 which seeks the regeneration of the Town Centre. Further, the redevelopment of the Agora site is anticipated to be a significant part of the emerging Wolverton Neighbourhood Plan, and the process to bring forward redevelopment on the site would be a key element in the delivery of that Plan.

6.2 Resources and Risk

Although the proposition is that the Development Partner will carry the financial risk, that depends on the viability of the redevelopment proposals.

Some minor costs will be incurred before a Development Partner is procured estimated at £20k for the viability study and development brief. This could be drawn from the existing Neighbourhood Plans budget.

There is also the risk, should the Council have to make a CPO that it is contested and the Secretary of State fails to confirm the CPO. In this case costs would be awarded against the Council and a figure of £50k should be budgeted for this risk.

There is a risk that the tenants could each serve Blight Notices, but before doing so must have made reasonable endeavours to sell and in consequence of the Blight have been unable to do so, or otherwise than at a low price resulting from the Blight. Individual circumstances will dictate what constitutes a reasonable endeavour to sell but we would anticipate a period of six months in the case of the Agora centre tenants. Beyond that period we would expect the development partner to be engaged and the risk transferred.

	Capital	+	Revenue		Accommodation
	IT		Medium Term Plan		Asset Management

6.3 Carbon and Energy Management

The redevelopment of the Agora site, which the outcome of this report would look to achieve, would need to meet our Local Plan Policy D4 carbon off-set requirements. However, there are no relevant implications directly from this report.

6.4 Legal

The report has already emphasised that for compulsory purchase to be successful there must be:

i. An enabling power under which land can be acquired and a clear stated purpose for making the order;

ii. A planning policy basis upon which an Order under the Town and Country Planning Act 1990 can proceed so as to implement the strategic aims of the policy;

iii. A recognition that negotiations to acquire the land have been tried and have failed to acquire the appropriate land interests;

iv. An appreciation that the interference with private rights and the expropriation of land must be lawful and that landowners Human Rights have been considered and a proportionate balance reached between the owners right to peaceful enjoyment of their possessions and the wider public interest and benefit achieved by the scheme;

v. Compliance with the statutory procedures for publicity consultation and the consideration of objections made to the Order in a fair and transparent manner.

i. The Power to Compulsory Purchase

It is proposed that the Council will utilise its powers under Section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) if it is unable to acquire the CPO Land (the Agora Shopping Centre, Wolverton, Milton Keynes) by agreement. Section 226(1)(a) of the Town and Country Planning Act enables the compulsory acquisition of land where the Council considers the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the CPO Land where the Council thinks the development, redevelopment, or improvement is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of its area. The purpose of the CPO will be consistent with the aim of regenerating Wolverton Town Centre and consistent with the provisions of the Milton Keynes Local Plan, Core Strategy and the emerging Neighbourhood Plan and development brief for the site.

ii. The Planning Framework

Office of the Deputy Prime Minister Circular 06/2004 provides guidance to acquiring authorities on the use of compulsory purchase powers. In making the Order, the Council aims to facilitate the improvement of the economic, social and environmental wellbeing of its area. The exercise of its powers of land acquisition must be set within a clear planning policy framework. This is how the authority will seek to justify the acquisition, and the planning policy documents will be stronger if they are up to date and have been subject to consultation, particularly involving those whose property will be affected by the Order. Detailed proposals included in the Neighbourhood Plan and reinforced in the Development Brief will assist this process. The wider the consultation undertaken on these documents the better. It is not always feasible to wait until all aspects of the regeneration proposals have been finalised however the authority must show that it will be possible to achieve the desired regeneration within a reasonable timescale and the strength of the supporting planning policy will enhance this.

iii. Acquisition by Agreement

Negotiations will be been entered into with the current owners of the Agora site with the aim of acquiring the site by agreement rather than through CPO. If these negotiations are unsuccessful, the site will be subject to the compulsory purchase order if the proper acquiring procedure is followed.

iv. Human Rights

The guidance states that a CPO should only be made where there is a compelling case in the public interest and that regard should be had in particular to the provisions of the European Convention on Human Rights. A balanced view has to be taken between the intentions of the Council to acquire the land and the concerns of those whose interest in land it is proposed to expropriate. There must be clear evidence that the public benefit will outweigh the private loss.

Article 1 of the First Protocol states as follows:- "Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No-one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principals of international law".

In considering First Protocol Article 1 the Courts have held that whilst individuals are entitled to the peaceful enjoyment of their property and possessions, the State can deprive and control the use of them where its actions are in accordance with law, necessary and legitimate, in the general interest and proportionate.

Therefore, in reaching its decision, the Cabinet needs to consider the extent to which the decision may impact upon the Human Rights of landowners of the CPO Land and to balance these against the overall benefits to the community, which the redevelopment of the Town Centre and in particular the Agora site will bring. Through the compulsory purchase process the landowners are given the opportunity to object and to be heard at a public inquiry (see below). The Cabinet will need to be satisfied that interference with the rights under Article 1 of the First Protocol to the European Convention on Human Rights is justified in all the circumstances and that a fair balance would be struck in the present case between the protection of the rights of individuals and the public interest.

v. Statutory Procedures

The Acquisition procedure is governed by the Acquisition of Land Act 1981. All those with an interest in the CPO land need to be served with a Notice of making of the CPO and invited to make any objections to the Order. This is accompanied by Newspaper notices and it is advisable to erect site notices as well. The objection period is a minimum of 28 days. If objections are made and not withdrawn an inquiry or hearing can ensue when the case for the making of the compulsory purchase order can be tested. If there are no objections the order may be confirmed.

Once confirmed the order is further publicised it can then be implemented either by acquiring individual parcels of land by serving a Notice to Treat on the individual land owners/interests or by making a General Vesting Declaration and acquiring all the land interests at one time, taking title to the whole CPO site.

The landowners have the right to be compensated for their interests and if this sum is not agreed the values can be determined by means of a reference to the Lands Tribunal and a procedure akin to arbitration involving expert evidence and legal submission.

The period prior to exercising powers of Compulsory Acquisition

Following the decision to authorise the compulsory purchase of the land and prior to the CPO procedure being implemented the land's future use and development is uncertain the owner may have difficulty selling or assigning his interest the uncertainty may lead the owners to consider whether to serve a Blight Notice. Cabinet's decision to acquire and the associated development proposals contained in the development brief may bring the site within the definition of Blighted Land in Schedule 13 of the Town and Country Planning Act 1990. This would enable the service of a Blight Notice on the Council forcing Council acquisition of the land. This is to counter the effect that proposed compulsory acquisition has on the owner's ability to deal with the land and its price.

The owner must show they have made reasonable attempts to sell his land but to no avail. The effect of a successful Blight notice will be to force the Council to purchase at an open market price that discounts the effect of the scheme on market value.

6.5 Other Implications

Explain any other implications of the decision not addressed above, for example, equality, sustainability, Human Rights Act and e-govt matters. Include implications on users, partners or stakeholders, or on other parts of the organisation. This might also include statutory considerations (for example, Section 17 of the Crime and Disorder Act, which requires all authorities to take account of crime and disorder issues in everything they do), equal opportunities and diversity (in the light of Section 149 of the Equality Act and of existing Council policy all reports should have due regard to equality issues see <u>Equality Impact Assessment - Form A</u> and use standard wording contained) and sustainability.

Complete the boxes at the end of this section to indicate with a 'Y' if there are any implications and an 'N' if not. Where a 'Y' has been entered the implications should be addressed in the text.

	Equalities/Diversity		Sustainability		Human Rights
	E-Government		Stakeholders		Crime and Disorder

Background Papers:

Wards Affected:

ALL WARDS

ITEM 19

CABINET

25 JULY 2012

University College Milton Keynes

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Executive Summary

A number of recent developments have seen significant progress towards the Council's ambition to see a substantial, high quality university presence established in Milton Keynes. A partnership involving the Council and the University of Bedfordshire will see the new University College Milton Keynes providing its first courses in September 2012 with a Faculty of Engineering and Technology opening in September 2013. It will also develop selective research and development capacity to integrate with the Council's city wide initiatives such as low carbon, smart cities, telehealth and sporting city. The student headcount is anticipated to be around 1,000 by September 2016. An implementation framework is now being put in place to ensure that all the parties involved understand their new roles and obligations in its delivery. Individual partners are asked to agree the relevant elements of the framework.

1. **Recommendation(s)**

1.1 (a) That the Milton Keynes Community Interim Ambition Statement for university level education (Annex A); and

(b) That the Memorandum of Understanding (MOU) of MK civic interests and the providers of higher education locally (Annex B,

be agreed

1.2 That the University College Milton Keynes Ambition Statement including Key Milestones (Annex C) be noted.

2. **Issues**

Background

2.1 Milton Keynes Council has a long-held ambition to see a substantial teaching and research university established in Milton Keynes. The vision is for a high quality university presence in the urban centre; a facility offering face to face learning that could, in due course, become a full 'University of Milton Keynes'.

2.2 Milton Keynes College took a major step towards achieving this ambition with the opening in 2008 of the University Centre Milton Keynes at 200 Silbury Boulevard. The University Centre in its current form is part of MK College, a Further Education (FE) institution that teaches Foundation Degrees awarded by partner universities. The University of Bedfordshire is currently the lead university for the University Centre and has been the principal HE franchise partner in the city over the past eight years, over which time it has made a significant investment in Milton Keynes through the allocation to the College of funded students under the franchise arrangement.

2.3 On 8th February 2012 the Milton Keynes Higher Education Board (MKHE Board) gave strong, in principle support to a proposition developed by the University of Bedfordshire and Milton Keynes College for the establishment of a substantial new university presence - "University College Milton Keynes" - that includes both teaching and research provision with a planned start up in September 2012.

2.4 The new University College will be a wholly owned subsidiary of the University of Bedfordshire. The proposition anticipates rapid growth over the coming years to offer courses at all levels – honours degrees, Master's degrees, and Doctorates – across a range of subjects highly relevant to the needs of the Milton Keynes economy. A student body some 1,000 strong is anticipated by September 2016.

2.5 At its heart will be a new Faculty of Engineering and Technology expected to launch in September 2013. This will offer a variety of professionally-recognised degree programmes and will be the home of important research initiatives, such as the Smart Cities Institute and the Centre for Telehealth. The University College will also offer a growing array of courses relevant to business, education and health, as well as a tailored Continuing Professional Development (CPD) provision for local businesses.

2.6 The University College will work in partnership with MK College which will continue with its own established and growing programme of HE teaching – mainly vocational higher skills level foundation degrees and HNDs. The title "University College" is subject to approval by the Department for Business, Innovation and Skills. Milton Keynes College and the University of Bedfordshire are working collaboratively on branding to remove confusion going forward.

2.7 The University of Bedfordshire plans that the first year of operation from September 2012 can be accommodated via existing FE/HE premises within Milton Keynes. For the expanded provision from September 2013 it is intending to lease and refurbish an existing office building in Central Milton Keynes. The longer-term growth is anticipated to be accommodated as part of a future development within the city, but there is no specific scheme at this stage.

Implementation Framework

2.8 A Senior Executive Group comprising representatives of the main parties - Milton Keynes Council, University of Bedfordshire, and Milton Keynes College - has overseen the development of an implementation framework that was presented to the MKHE Board on 4th July 2012. This framework aims to provide a strategic local context and ensure that all the parties involved understand their new roles and obligations in its delivery. The MKHE Board recommended that individual partner organisations now agree those documents within the framework that are relevant to them. In the case of Milton Keynes Council the two relevant documents are:

a) Milton Keynes Community Interim Ambition Statement for university level education (Annex A).

b) Memorandum of Understanding (MOU) between civic interests (the Council and the MKHE Board) and the providers of higher education locally (University of Bedfordshire and MK College) (Annex B).

2.9 Taken together, these two documents provide a vision for the values and development of local HE provision in Milton Keynes and an agreement that all partners will work collaboratively in realising this vision. They set out a context within which HE providers in Milton Keynes will be encouraged to operate

2.10 The MKHE Board on 4th July also received for comment two vision documents relating to the ambitions of the two current HE providers in Milton Keynes. These will be put to the governing bodies of the individual institutions (University of Bedfordshire and Milton Keynes College) for approval:

a) University College Milton Keynes Ambition Statement (Annex C)

b) Milton Keynes College Ambition Statement

2.11 Of particular note within the University College Milton Keynes Ambition Statement is a schedule of key implementation milestones (page xx). It also references the creation of a University College Local Board that will include key representation from the city.

University Trust

2.12 A further element of the future Framework for Higher Education will be the establishment of a Milton Keynes University Trust. This new body will, once established, supersede the current MKHE Board and take on strategic oversight of the development of local university provision in Milton Keynes. It will have no direct governance role in respect of individual HE institutions. The Trust is likely to have three main powers: to own, promote and refresh from time to time, the vision and ambition for university level provision in Milton Keynes; to hold community assets for the provision of local university level education in Milton Keynes; and to review at least annually progress towards meeting the terms of their Ambition Statements.

2.13 The Council is taking lead responsibility for establishing the University Trust and proposals will be brought forward in due course. The membership of the Trust will be drawn from Milton Keynes and will not include individual HE providers (such as the University of Bedfordshire and MK College) as it will be required to deal with all HE institutions that might seek benefit from the Trust in an even-handed way.

Heads of Agreement

2.14 Milton Keynes Council and the University of Bedfordshire as the two principal investors in the University College are developing a "Heads of Agreement" document that will be based on a business plan for the University College. The Heads of Agreement will include matters such as the investment into the University College, the allocation and usage of assets and the relative responsibilities of each party. The proposed Heads of Agreement will be subject to approval via Cabinet or a delegated decision, dependent on content and timing.

3. Alternative Options

Do nothing

3.1 The Cabinet could decide that it will not be involved in a partnership to establish University College Milton Keynes. In such a circumstance it is not certain that the University of Bedfordshire would proceed with its investment but even if it did the pace of implementation and level of ambition set out in these papers would be compromised. The opportunity for council influence and integration with programmes (eg. for education) would also be significantly reduced. If the University of Bedfordshire did decide to withdraw then Milton Keynes College's "HE in FE" provision would be the only local university level education in Milton Keynes and much of the momentum of the past four years would be lost. The lack of a higher level teaching and research presence could have a deleterious effect on the city's economic development and inward investment ambitions.

4. Implications

4.1 Policy

This initiative implements existing policy. Expanding university education and research is a priority in the Corporate Plan 2012-16, the Core Strategy and the Milton Keynes Economic Development Strategy 2011-16.

4.2 Resources and Risk

The approval of the MOU does not commit Council financial resources to the project. The need for investment will be considered through the proposed Heads of Agreement.

The main Milton Keynes investment to the new University College provision is expected to be from the Milton Keynes Tariff, where the current Business Plan includes £12.15 m of future years' funding for university provision. However, the tariff funding allocation may need to be revised in future depending on the likely levels of income.

Y	Capital	N	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	Y	Asset Management

4.3 Carbon and Energy Management

The establishment of the Smart Cities Institute within the University College proposition will add to the capacity within Milton Keynes for innovative approaches to reducing CO_2 emissions.

4.4 Legal

The MOU commits the parties to working together collaboratively and purposefully on the development of university level education. The MoU sets out the intent of the parties and their commitment to act in good faith: it is not a legally binding agreement, and is not intended to create legal relations. It replaces the Memorandum of Understanding between Milton Keynes Civic Partners and Milton Keynes College of July 2009. Contracts or MoUs between any two or more of the parties to the MoU may be agreed from time to time for specific purposes and, in respect of matters relating to university level education, will be in the spirit and intent of the MoU.

4.5 Other Implications

N	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	Y	Stakeholders	N	Crime and Disorder

Background Papers

(i) 2020 Vision – towards a University of Milton Keynes, MK Higher Education Board, 2009

(ii) Core Strategy, Submission Version, March 2011

(iii) Milton Keynes Economic Development Strategy 2011-16

(iv) Milton Keynes Council Corporate Plan 2012-16

(v) Local Investment Plan, Consultation Draft, June 2012

Milton Keynes Community Interim Ambition Statement for university level education in Milton Keynes

Preamble

In 2009 Milton Keynes Higher Education Board adopted **2020 Vision – towards a University of Milton Keynes** as a statement of vision, values, strategic aims and high level milestones on behalf of the community. It was prepared following consultation with a wide range of community interests. The first stage of this strategy has been successfully driven by Milton Keynes College through University Centre Milton Keynes in partnership with University of Bedfordshire as lead HEI and a number of other local universities. Much has been achieved through this initiative and following a process of review undertaken with the University and the College, the Board has now refreshed this vision to reflect the rapidly changing funding landscape for higher education in England. The outcome is as set out in this **Interim Ambition Statement**. It is intended that **2020 Vision – towards a University of Milton Keynes** will be more substantially reviewed and revised over the next 12 months led by the proposed Milton Keynes University Trust in cooperation with the key local providers of university level education.

Context

Milton Keynes is already a city of over 245,000 people and is set to grow to 300,000 over the next 15 to 20 years. It does not have a local university. **The urgent establishment of a significant university presence is given high priority in the city's key economic development policies and plans** (see Annex Ai).

The Vision

Our vision is that quality locally provided university level education will be at the heart of the economic development, future growth, prosperity, culture, equality, and social cohesion of the Milton Keynes community and the South East Midlands Local Enterprise Partnership (SEMLEP) area.

Those living in Milton Keynes and its wider region should be stimulated to study at university level to both increase and widen participation, and to have access to a quality offer locally if that is their preference. Those studying in Milton Keynes should be supported in securing attractive careers in Milton Keynes as part of its knowledge based economy and encouraged to live in and to contribute to the future of Milton Keynes. Provision should be distinctive, innovative in design, flexible in delivery and relevant to the needs of the student and the community.

Businesses should be confident in investing in Milton Keynes, secure in the knowledge that there will be a local pool of talented, skilled graduates and that they will have ready access to high quality R&D expertise.

(Source 2020 Vision with minor editing)

University of Milton Keynes

The establishment of a University of Milton Keynes capable of embodying the vision, values and strategic aims outlined here is the explicit goal of the Milton Keynes community.

A University, attracting aspirational and talented students from the locality as well as from the rest of the country and overseas, will ensure that in terms of knowledge, skills and research Milton Keynes becomes one of the nation's leading cities, driving innovation, managed environmental change, and community coherence and well-being.

The city's approach is both ambitious and pragmatic. It will work incrementally with university and further education partners, the private sector and other public funding bodies to build on the experience of the past and to create the medium and long term critical mass needed to realise our vision and achieve lasting viability and sustainability.

(Source. 2020 Vision but reference to New University Challenge initiative paragraph deleted)

Core values

University level education provision core values will be based on the following cornerstones:

- quality and integrity in all that we do
- *aspiration to excellence in teaching, scholarship and research*
- inclusiveness
- the centrality of the student in determining the shape and content of the teaching provision
- *commitment to a transformational student experience*
- distinctive innovation – pedagogical, cultural, scientific and technological
- high level business/employer engagement
- environmental sustainability
- creative civic partnerships

(Source. 2020 Vision with two additions as in italics)

Milton Keynes aspires for its local university graduates and students to demonstrate more general characteristics as set out in the statement **"What kind of graduates"** (see Annex). It has also set out a statement to guide providers **"What kind of university level education providers?"** (see Annex Ai).

Teaching provision

Milton Keynes aspires to teaching provision which will be responsive to the Council's Economic Development Strategy, to business needs and to student demand – local, national and international. Ultimately a broad based provision covering all such provision is the aspiration. Priorities will be established on an on going basis as a follow up to the adoption of this Interim Ambition Statement as part of the process of review and revision of 2020 Vision.

Provision should be available at Foundation Degree, Honours Degree, and Masters and Doctorate levels, with professional recognition, where relevant, targeted to meet the needs of school/college leavers, adults and business/employer professional development.

High academic standards and quality will drive the provision and its delivery to the student. The explicit ambition is that the provision will be recognised to be sector-leading in terms of the quality of its pedagogy and innovative in its delivery.

(Source. 2020 Vision summarised and partly amended)

Research and knowledge exchange

The knowledge economy is crucial to the future of Milton Keynes and already employs some 40% of its working population. In this regard the city already benefits from the presence of the world leading distance learning Open University and nearby specialist Cranfield University each with research expertise. **The ambition is for a local university presence with an internationally recognised research capacity in niche areas that will act as a key partner in: local initiatives such as Milton Keynes Gateway and the Innovation Centre (which seek to promote skills, enterprise and innovation); civic initiatives covering such matters as Low Carbon, Smart Cities and Tele-health; regional initiatives through SEMLEP; and wider national and international initiatives relevant to the needs of Milton Keynes.**

(New but drawing on a number of existing policy documents)

Scale

The long term ambition is for the scale of university level education in Milton Keynes to be about 10,000 students. The basis for this long term ambition is that the city would then no longer be a net exporter of higher education students (about 10,000 students domiciled in Milton Keynes study at HE level somewhere in the UK at present). Ultimately it should aim to match that of other like-sized centres of population but that is looking very far ahead. For example, Leicester a city with a population of about 307,000 supports two universities each with more than 20,000 students, and a further education college with about 700 HE students. Having regard to likely national trends in the sector, the challenging financial context, and the continuing strict government student number controls for English and EU students, it is an optimistic planning assumption that Milton Keynes should have reached the milestone of 5000 HE level students studying locally (headcount) by about 2025 (excluding students resident in Milton Keynes of the national and international Open University).

(New in this form)

Estate and Facilities

The University of Milton Keynes will have a strong, inspirational, centrally-located physical presence in the city complemented by local facilities and distributed delivery to students and businesses wherever they are located using the power of modern communication and learning technologies and partnership working under the *Cloud University* model pioneered by UCMK. Taken together, the physical and distributed facilities for the delivery of higher education in Milton Keynes can be characterised as a rich learning or knowledge “habitat”. The central physical presence will act as an intellectual focus and catalyst for innovation and ideas. It will be an exemplar of environmental sustainability. It will contribute to the civic centre vision of the city and be accessible to students by maximising public transport opportunities. The Cloud University model will ensure that higher education is delivered to the students accessibly and effectively wherever they are located. It will be a practical demonstration of the University’s commitment to innovation and partnership. The estates provision will be driven by the needs of teaching and research.

(Source. MKHEB June 2011)

Milton Keynes Council Local Investment Plan is setting out the priorities for investment in infrastructure arising from planning gain and other sources to support the long term growth of the city. Higher education figures strongly in this draft Plan as it does in the earlier Milton Keynes Partnership Investment Plan 2009-2011 which it will subsume. The preamble to the draft Milton Keynes Local Investment Plan submitted on behalf of MKHEB in January 2012 reads as follows. "This Delivery Plan aims to set out a realistic but ambitious framework in which the city might develop its higher education (HE) aspirations and achieve concomitant economic benefit. The plan assumes the imperative of establishing the University College as a key developmental step and the necessity of working in close partnership with one or more universities to achieve this goal. The Knowledge Gateway concept informs the plan because of its potential to secure substantial enterprise integration, with associated economic benefits, and to optimise corporate subsidy for the development of university facilities. The plan anticipates the pivotal role of focused R&D and knowledge exchange facilities for the city, and specifically addresses the development of the Smart Cities Institute and the creation of a research facility in tele-health. While the plan, at its most ambitious, allows for some new build facilities, it does not preclude the refurbishment of existing real estate if this is demonstrated to be the most effective option. The plan incorporates an exploratory phase in which the Knowledge Gateway concept and the governance models for the University College partnerships are tested. "

(Source. MKHEB February 2012)

There are opportunities for investment in higher education infrastructure to be directly aligned with associated research and knowledge transfer activity (see above) as well as with cultural, leisure and business initiatives. It is essential these should be kept under active review by the Council and the providers of higher education. The Council's Core Strategy for the spatial development of Milton Keynes includes many potential opportunities for such synergy to be exploited and includes the willingness of the Council to modify existing planning guidance within Central Milton Keynes to assist the expansion of university activity.

Delivering the University Vision for Milton Keynes: the next phase

Milton Keynes Council, Milton Keynes Higher Education Board and Milton Keynes College have welcomed and actively supported the propositions from the University of Bedfordshire to establish University College Milton Keynes as a wholly owned subsidiary starting in September 2012 in the knowledge that Milton Keynes College (in collaboration with its HEI and professional awarding body partners) will continue to offer "HE in FE" provision. Milton Keynes will thus have the benefit of two providers of university level education in Milton Keynes with each contributing its own distinctive and complementary provision. **Collaboration between the University of Bedfordshire, an acknowledged leader in respect of student access, teaching and graduate employability, and Milton Keynes College with its commitment to access, high student satisfaction and successful record in delivering vocational higher education in collaboration with the Milton Keynes community offers a distinctive and innovative model which will capitalise on the strengths of each party**

University College Milton Keynes will lead on the development of a teaching and research university presence in Milton Keynes including a new flagship Faculty of Engineering and Technology. In parallel, Milton Keynes College will lead on the development of the "higher education in further education" ("HE in FE") model concentrating on higher level apprenticeships and selective vocational progression pathways building on the successful experience of University Centre Milton Keynes in order to widen access to higher education and to contribute to local higher skills needs. **University College Milton Keynes and Milton Keynes College have each developed their own Ambition Statements including key milestones which set out how they will help Milton Keynes achieve its vision and ambitions.**

(Source new in this form but draws on existing exchanges of letters)

June 2012

Milton Keynes Economic Context

Milton Keynes Economic Development Strategy 2011-2016 (Milton Keynes Council, 2011) sets out "*to tackle current economic issues and provide a clear sense of purpose, direction and vision for the future. It combines aspiration with action, inspiration with implementation and presents detailed plans that will enable us to work together towards achieving our shared vision of moving from new town to international city*." It comments "*Surprisingly for a city of its size, growth trajectory and ambition, Milton Keynes does not have its own local university."…"It is inconceivable that Milton Keynes can achieve its aspirations as an international city and effective knowledge economy without its own university to provide a focus for its intellectual capital and to provide a rich resource of teaching, training, knowledge transfer and R&D inter alia."* It further comments that the current University Centre project (and, by implication, its future successors) *"is widely considered to be a pivotal component of the city's economic development strategy".*

"*Our vision is to ensure that Milton Keynes, the can-do city of the 21st Century, becomes the power house in a thriving South East Midlands economy, with leading edge innovation, a highly skilled workforce, and a growing knowledge-based sector set within an attractive environment in which to live and do business*." (Forward to Milton Keynes Economic Development Strategy 2011-2016, Milton Keynes Council, 2011)**.** The establishment of a local university in Milton Keynes is central to this vision.

Promoting a diverse and competitive knowledge based economy, and the associated skills and learning are two of the six key Priorities identified in the Strategy with the object to *"create an environment that will foster business and employment growth"* and to *"improve the overall skills and qualifications profile of the resident population……..to meet the needs of employers, especially in relation to higher level skills and the development of UCMK."* The current UCMK is identified as key lead for developing the Knowledge Based Economy and MK College as key lead for Skills and Learning. Action Plans support these Priorities. University College Milton Keynes will now take up the leadership role for developing the Knowledge Based Economy.

The establishment of a local university is also a key component of the **Milton Keynes Local Development Framework Core Strategy (Milton Keynes Council, December 2009 and Revised Submission Version, October 2010)** which provides the vision, objectives and strategy for the spatial development of Milton Keynes to 2026. It supports the delivery of new and improved job opportunities, and identifies the development of the current University Centre into a full university with an appropriate range of centrally located facilities as one of the key requirements.

Milton Keynes Council Corporate Plan 2012-16 (Milton Keynes Council 2011) summarises how the Council and its partners will work together to achieve the collective ambitions for Milton Keynes. It is built around Themes of which the first is "World class MK". Within this Theme one of the top priorities is to "Expand university education and research in MK".

Milton Keynes Partnership (MKP) Business Plan 2008/09 – 2012/13 identifies that central to the growth and continuing economic success of the city is the *"requirement for a well-educated, skilled and entrepreneurial workforce drawn from all sectors of the community. Of equal importance is the requirement for business to have easy access to education, research and development expertise provided by this sector (FE and HE)." "Further and higher education institutions will be supported through the tariff mechanism to make sure that the* *necessary further and higher education infrastructure is in place when required."* (Paragraph 6.3). The Plan notes that *"The absence of an attractive, campus-based higher education offer has been identified as a barrier to the long term growth of the city and its economy."* (Paragraph 6.3.2). The Plan summarises the action of English Partnerships to acquire 200 Silbury Boulevard for UCMK and of MKP to invest £2.1 million of infrastructure tariff funding in refurbishment with the aim of providing *"a high quality education offer and provide the stepping stone towards establishment of a larger, permanent university in Milton Keynes."* (Paragraph 6.3.2)

The MKP Investment Plan 2009 - 2011 updates the Business Plan 2008/09 – 2012/13 to reflect the slowdown in housing growth and identifies support for the delivery of a range of economic, development and skills projects including UCMK. The merger of the former English Partnerships and Housing Corporation (including its Academy for Sustainable Communities) to form the HCA, has combined their expertise and resources to enhance skills development in Milton Keynes. This includes development of strong links between the HCA Academy and UCMK to develop local provision relevant to sustainable development and living (see §6.10).

UCMK capital contribution for higher education infrastructure is included in the Milton Keynes Tariff Programme at a level of £14.25 million of which £2.1 million has been committed and of which £12.15 million is uncommitted.[1]

What kind of graduates?

Milton Keynes seeks graduates and other students who:

- are active and informed global citizens
- are work aware and employable
- are socially open and engaged
- have well developed analytical and communication skills
- are internationally minded
- possess the capacity to respond to fast-moving societal changes
- are ambitious and inspirational
- have an entrepreneurial drive
- are personally resilient
- are technologically equipped and articulate as 21st century citizens

(Source. 2020 Vision)

What kind of university level education provider(s)?

To achieve these goals, university level education providers in Milton Keynes will be:

- driven by the needs of students
- employer-led with a focus on employment-related skills and innovation
- academically rigorous and vocationally relevant

1 Tariff funding under a framework Section 106 Agreement provides the infrastructure for a quality environment ahead of the major expansion of the city.

- ambitious and capable of achieving high standards in all its activities
- innovative and inspirational in increasing and widening participation by encouraging students (and their parents) from non-traditional as well as traditional backgrounds, by offering clear progression opportunities to higher education, and by achieving fair access for all students regardless of background or age
- engaged in ground-breaking partnerships with local secondary and junior schools and acting as a catalyst for raising school standards
- committed to working in partnership with local universities, Milton Keynes College, civic bodies, employers, the third sector and other agencies, across traditional regional boundaries, where appropriate
- attractive to students from the local community as well as the surrounding region, the UK and overseas through the development of highly competitive fee structures and an integrated physical offering embedded within the distinctive features of the Milton Keynes community
- actively engaged in knowledge exchange and R&D with business and HE partners to stimulate enterprise and to stimulate and shape the knowledge economy
- a catalyst to develop and retain talented, skilled graduates in the area
- a generator of high skill knowledge-based jobs
- readily accessible to students by offering a variety of study modes optimised through the imaginative use of communication technologies including cloud HE and leading-edge pedagogy
- integrated with the community and contributing to its leadership, its social and cultural life, and its sense of identity
- global in outlook
- a key delivery component of the Milton Keynes Economic Vision and Economic Development Strategy
- responsive to and will contribute to driving dynamic national, regional, and local contexts, policies and targets
- sustainable with a robust business model and effective governance
- an agent to help the community to articulate its self-understanding and aspirations and to act as an engaged and friendly critic.

(Source. 2020 Vision)

Memorandum of Understanding (MOU) of MK Civic Bodies and Higher Education (HE) Providers

Memorandum of Understanding

Preamble

This **Memorandum of Understanding** (**MoU**) sets out the purpose, and roles in delivering university level education in Milton Keynes. It complements:

- **Milton Keynes Community Interim Ambition Statement for University Level Education (owned and approved by Milton Keynes Council and Milton Keynes Higher Education Board)**
- **University College Milton Keynes Ambition Statement including Key Milestones (owned and approved by University of Bedfordshire)**
- **Milton Keynes College "HE in FE" Ambition Statement including Key Milestones (owned and approved by Milton Keynes College)**
  [and collectively known as the ***Ambition Statements*** in this **MoU]**

It is supplemented by a separate **"heads of agreement"** between Milton Keynes Council and the University of Bedfordshire on their investment in University College Milton Keynes and such lease agreements as may be agreed from time to time by Milton Keynes University Trust.

[Note. University level education is taken to include first degrees and above, HNDs, foundation degrees and any other taught provision defined as Level 4 of the national framework (FHEQ) or above]

Memorandum of Understanding

Between

Milton Keynes Civic Partners

Milton Keynes Council

Milton Keynes Higher Education Board (MKHEB) (in due course Milton Keynes University Trust)

And

Milton Keynes University Level Education Providers

University of Bedfordshire on behalf of University College Milton Keynes
Milton Keynes College

1. Purpose

The parties agree to work together collaboratively and purposefully on the development of university level education in Milton Keynes with the shared aim of realising the ***Ambition Statements*** (and over the 12 month period following the signing of this **MoU** an update of **"2020 Vision – Towards a University of Milton Keynes"** – referred to as **2020 Vision renewed** in this **MoU**). This **MoU** sets out the intent of the parties and their commitment to act in good faith: it is not a legally binding agreement, and is not intended to create legal relations. It replaces the Memorandum of Understanding between Milton Keynes Civic Partners and Milton Keynes College of July 2009. Contracts or MoUs between any two or more of the parties to this MoU may be agreed from time to time for specific purposes and, in respect of matters relating to university level education, will be in the spirit and intent of this MoU.

2. DELIVERING THE UNIVERSITY LEVEL EDUCATION VISION FOR MILTON KEYNES

Milton Keynes Council, Milton Keynes Higher Education Board and Milton Keynes College have welcomed and actively supported the propositions from the University of Bedfordshire to establish University College Milton Keynes as a wholly owned subsidiary starting in September 2012 in the knowledge that Milton Keynes College (in collaboration with its HEI and professional awarding body partners) will continue to offer "HE in FE" provision. Thus Milton Keynes will have the benefit of two providers of university level education with each contributing its own distinctive and complementary provision. Collaboration between the University of Bedfordshire, an acknowledged leader in respect of student access, teaching and graduate employability, and Milton Keynes Colleges with its commitment to access, high student satisfaction and successful record in delivering vocational higher education in collaboration with the Milton Keynes community offers a unique and innovative model which will capitalise on the strengths of each party

University College Milton Keynes from September 2012 will lead on the development of a teaching and research university presence in Milton Keynes including a new flagship Faculty of Engineering and Technology. In parallel, Milton Keynes College will lead on the development of the "higher education in further education" ("HE in FE") model concentrating on higher level apprenticeships and selective vocational progression pathways building on the successful experience of University Centre Milton Keynes in order to widen access to higher education and to contribute to local higher skills needs.

3. GOVERNANCE

The **Milton Keynes University Trust** is being established as an independent trust by Milton Keynes Council with the advice of the Milton Keynes Higher Education Board (MKHEB), which will eventually be dissolved to be superseded by the University Trust. It will have three main powers: to own, promote and refresh from time to time, the vision and ambition for university level education in Milton Keynes; to hold community assets for the provision of local university level education in Milton Keynes for lease to the University of Bedfordshire on behalf of University College Milton Keynes (and in principle to any other provider(s) of university level education in Milton Keynes recognised by Milton Keynes University Trust and Milton Keynes Council for this purpose and subject to prior formal consultation with the University of Bedfordshire) on beneficial terms at its sole discretion; and to review at least annually progress towards meeting the terms of the ***Ambition Statements***. It is intended that the Trust will lead on the full review and updating of 2020 Vision over the next 12 months in cooperation with University College Milton Keynes and Milton Keynes College. The membership of the Trust will be independent of those involved in the governance or management of the University of Bedfordshire and Milton Keynes College (or any other potential provider of university level education in Milton Keynes). The Dean, University

College Milton Keynes and Principal, Milton Keynes College will normally be in attendance at meetings of the Trustees.

University College Milton Keynes will have its own **Local Board**. The precise remit of the Board is yet to be fully determined and is dependent upon the legal formulation of the University College itself. However, the concept is clear, namely that the Local Board, membership of which will include significant representation drawn from the Milton Keynes community, will work closely with the University's Executive and Governors to direct the growth and development of the University College, to shape the curriculum offer to optimise its fit with the Milton Keynes context, to influence the R&D portfolio, and to seek to optimise the synergy between the University College and the city. It is envisaged that normally at least one member of the UoB Governing Body will also be drawn from the Milton Keynes community. The Dean, University College Milton Keynes, will be a member of the Vice Chancellor's Management Group.

Milton Keynes College Board of Governors responsible for the strategic direction of the College including its "HE in FE" provision.

A **Memorandum of Understanding** between Milton Keynes civic interests (MK Council, MKHEB and in due course Milton Keynes University Trust) and the providers of local university level education in Milton Keynes (i.e. the University of Bedfordshire and Milton Keynes College) (this **MoU**).

A **Memorandum of Understanding** between the University of Bedfordshire and Milton Keynes College setting out areas for collaboration and partnership.

Heads of Agreement between Milton Keynes Council and the University of Bedfordshire covering such matters as the terms for their respective matched investment funding in University College Milton Keynes.

These governance arrangements are based on four key principles: the interests of the Milton Keynes community as a whole in maintaining the vision for university level education in Milton Keynes; the longer term protection of Milton Keynes provided assets for the provision of university level education in Milton Keynes; the formal involvement of Milton Keynes community interests in the governance of University College Milton Keynes as a wholly owned subsidiary of the University of Bedfordshire; and the ultimate authority of the governors of the University of Bedfordshire and Milton Keynes College in respect of their institutions.

4. ROLES

University of Bedfordshire

The University of Bedfordshire will lead on the establishment of University College Milton Keynes to provide a substantive teaching, and research university presence in Milton Keynes through the provision of undergraduate, postgraduate and research degree programmes and related knowledge exchange and research activity including a new flagship Faculty of Engineering and Technology as set out in the **University College Milton Keynes Ambition Statement**. It will plan and manage assets provided by the community through Milton Keynes University Trust. It undertakes to:

- Take the necessary steps for the establishment of University College Milton Keynes as a wholly owned constituent university college under a local board with delegated powers from its governing body and academic board
- Develop and adopt the **University College Milton Keynes Ambition Statement** in collaboration with the parties to this **MoU** and use its best endeavours to achieve its relevant Key Milestones with investment consistent with these Milestones

- Collaborate with the parties to this MoU in the updating and subsequent adoption of **2020 Vision renewed**
- Collaborate with MKHEB/University Trust in updating and realising the **University College Milton Keynes Ambition Statement** including an annual report on progress
- Collaborate with Milton Keynes College through adoption of a MoU covering such matters as access from local schools, complementarity of curriculum, progression opportunities to third year full degrees, and shared use of facilities and services
- Collaborate with other HEIs in the South East Midlands Enterprise Partnership area
- Promote R&D and knowledge exchange working closely with MK Gateway
- Provide leadership and management capacity consistent with this role
- Enter into a **MoU** (this **MoU**) with Milton Keynes civic interests and Milton Keynes College to formalise the understandings of the parties

Milton Keynes College

Milton Keynes College with its HEI and professional awarding body partners will lead on the provision of "HE in FE" through Foundation Degree, HND/HNC, and equivalent professional awards. It undertakes to:

- Develop and adopt **Milton Keynes College "HE in FE" Ambition Statement** in collaboration with the parties to this **MoU** and use its best endeavours to achieve its relevant Key Milestones with investment consistent with these Milestones
- Collaborate with the parties to this **MoU** in the updating and subsequent adoption of **2020 Vision Renewed**
- Collaborate with MKHEB/Milton Keynes University Trust in updating and realising its **Milton Keynes College "HE in FE" Ambition Statement** including an annual report on progress
- Collaborate with University of Bedfordshire through adoption of a MoU covering such matters as access from local schools, complementarity of curriculum, progression opportunities to third year full degrees, and shared use of facilities and services
- Provide leadership and management capacity consistent with this role
- Enter into a **MoU (**this **MoU**) with civic interests and UoB to formalise the understandings of the parties

Civic partners will:

- actively support the University of Bedfordshire and Milton Keynes College in their roles as set out in this **MoU**. This support includes their recognition as the means for providing locally based university level education provision in Milton Keynes
- collaborate in maximising development funding for the benefit of University College Milton Keynes and Milton Keynes College "HE in FE" provision either from their own resources or from other agencies subject to normal business case conditions being met and no conflict of interest with other areas of the business of civic partners
- facilitate through Milton Keynes University Trust the lease of land, buildings and other assets for university level education purposes under favourable terms where resources, policy requirements and the law allow
- use best endeavours to influence Milton Keynes, regional, and national policy as it relates to university level education provision in Milton Keynes
- offer *pro bono* in kind expertise within available resources wherever practically possible

- collaborate with each other in plans to support the Key Milestones of the ***Ambition Statements***
- Enter into a **MoU** (this **MoU**) with University of Bedfordshire and Milton Keynes College

Civic partners, University of Bedfordshire and Milton Keynes College will:

- Contribute to the development and periodic review of the ***Ambition Statements*** (and over the next 12 months **2020 Vision renewed**) through their collaboration with MKHEB/Milton Keynes University Trust
- promote University College Milton Keynes and Milton Keynes College within the Milton Keynes community, the South East Midlands Local Enterprise Partnership, nationally, and internationally in all appropriate ways
- evaluate the success of this MoU in achieving the outcomes of the ***Ambition Statements*** (and in due course **2020 Vision Renewed**) at least annually through self-evaluation by the four parties to this agreement and externally from time to time as agreed by the parties to this MoU.

4. REVIEW

- This Memorandum of Understanding is for four years in the first instance and is renewable by agreement of the parties. (Possible alternative wording for this first sentence "This Memorandum of Understanding is open ended") [Note. This alternative wording arose from a discussion at the MK Higher Education Board meeting on 4th July 2012. The Board did not endorse either of the options but suggested the alternatives be considered further by governance bodies involved in its approval].It can be reviewed at any time at the request of one or more of the parties to it. The parties agree to act in good faith in considering proposed changes.
- Each party has the right to withdraw from this MoU subject to a notice period of 12 months
- Where the University of Bedfordshire and/or Milton Keynes College is unable to agree to change or decides to withdraw from the MoU, the MoU will automatically lapse at the end of the 12 month notice period.
- If one of the civic partners withdraw from the MoU this MoU will lapse at the end of the 12 month notice period and it will be for the remaining civic partner to decide whether or not to seek to agree a new MoU with the University of Bedfordshire and Milton Keynes College.

Note. Subject to legal advice the intention is that the Milton Keynes University Trust will inherit the responsibilities of MKHEB as set out under this MoU. It will of course be open to the Trust to initiate a review of the MoU under the process as set out above.

Signed for and behalf of:

Civic Partners:

Milton Keynes Council…………………………………………………………..

Milton Keynes Higher Education Board (and in due course Milton Keynes University Trust) ……………………..

University Level Education Providers:

University of Bedfordshire………………………………………………………

Milton Keynes College …………………………………………………………..

Date………………………………………………………………………………..

ITEM 19
ANNEX C

University College Milton Keynes

Ambition Statement

The University of Bedfordshire and Milton Keynes have shared ambitions for the establishment and rapid growth of the **University College Milton Keynes** as a wholly owned subsidiary of the University commencing operation in September 2012.

This development is set within the context of the city's aspirations for a high quality university presence within the city, which goal is clearly articulated in the city's core strategic documents – namely, the Milton Keynes Council Corporate Plan 2012-16, Milton Keynes Local Development Framework Core Strategy (Milton Keynes Council, December 2009 and Revised Submission Version, October 2010), and the Milton Keynes Economic Development Strategy 2011-2016.

This shared ambition for the University College Milton Keynes draws heavily on **2020 Vision – towards a University of Milton Keynes** (June 2009), which represents the clearest articulation to date of the city's aspirations and vision for a university presence in Milton Keynes. The adoption of this **University College Milton Keynes Ambition Statement** contributes to an updating of 2020 Vision.

The University College is a concerted partnership initiative in response to the particular Higher Education needs and opportunities of Milton Keynes. It is rooted in the city's vision and shares the ambitions encapsulated in its foundational strategic documents.

This Ambition Statement is based on a shared understanding of the vision, core values, distinctiveness of provision, transparent governance, and scale and key milestones for this new higher education entity in Milton Keynes.

Vision

Our vision is of a University College in Milton Keynes that will deliver transformational educational experiences to all who are able to benefit.

We believe that high quality university education will be at the heart of the economic development, future growth, prosperity, culture, equality, and social cohesion of the Milton Keynes community and the SEMLEP region.

Those living in Milton Keynes and its wider region should be stimulated to study at university level and to have access to a quality HE offering locally if that is their preference. The student experience should be transformational. Those studying in Milton Keynes should be supported in securing attractive careers in Milton Keynes as part of its vibrant and growing knowledge economy and encouraged to live in and to contribute to the future of Milton Keynes. Our university provision should be recognised for its quality, innovative in design, flexible in delivery and relevant to the needs of the student and the community.

Businesses should be confident in investing in Milton Keynes, secure in the knowledge that there will be a local pool of talented, skilled graduates and that they will have ready access to world-class R&D expertise.

The initial delivery of this vision will focus on flagship activity in engineering and technology. It will be supplemented by corporate-facing activity from the Business School. Over time, all Faculties are expected to develop a focused provision in the University College tailored to synergise with the Milton Keynes context.

Mission

The University College Milton Keynes' mission is to:

- create a vibrant, multicultural, learning community, which enables people to transform their lives by participating in excellent, innovative education, scholarship and research
- contribute to the successful delivery of Milton Keynes Council's Economic Development Strategy 2011-16 for a thriving economy and status as an international city
- contribute to Milton Keynes' brand as a thriving, dynamic, innovative, and successful city with a highly educated and skilled work force by offering its people, businesses, cultural and social enterprises a beacon of excellence of which all will be proud
- act as a focus and catalyst for thought leadership and cultural expression

Core values, culture and identity

The University College Milton Keynes will be built around the following core values, culture and self-understanding:

- a commitment to the highest standards of quality and integrity in its endeavours
- an aspiration to excellence in scholarship and praxis in all its forms
- a desire for openness of access and inclusiveness of its scholarly community
- a belief that excellence and openness are not mutually exclusive
- a retention of the concept of the 'community of scholars' at the heart of its being
- a commitment to a transformational student experience
- a recognition of the quality of its graduates through their employability
- the mutual respect of staff, students and stakeholders
- a commitment to innovation – pedagogical, cultural, institutional, scientific and technological
- a commitment to business and employer engagement in curriculum and knowledge exchange
- a commitment to transparent governance
- creative civic and academic partnerships
- environmental and financial sustainability
- the Milton Keynes 'brand' of ambition, innovation, excellence, self-belief and "can do"

Transparent Governance

Transparent governance of the University College will be established through three foundational elements:

- the creation of a University College Board which includes key representation from the city
- the Milton Keynes University Trust which holds community assets for the beneficial use of the University College
- An MoU between the University, Milton Keynes Council and Milton Keynes College.

Distinctive Features of the University College Milton Keynes

The University College is aspirational in its conception while being utterly realistic in its operational manifestation because of the need to demonstrate viability and sustainability. Nonetheless, the University College blends the desire and capacity for innovation of its founding partners and is committed to retain this impetus as though it were a genetic inheritance.

The University College is born at a time of great of great upheaval in Higher Education in England. It will use this opportunity to innovate and test new models for HE, starting from its distinctiveness as a wholly-owned HEI subsidiary but with a strong civic investment and concomitant subsidiarity, through potential partnership models, to an exploration of the Cloud University concept.

Whatever institutional manifestation is ultimately regarded as optimum, the University College will retain its commitment to innovation in pedagogy and praxis, which will allow it to acquire an international reputation for originality in HE.

Of course, genuine distinctiveness will take time to develop and embed. Nevertheless, the initial ambitious manifestations of the University College will give a taste of the distinctive institution in development. These features include *inter alia*:

- the establishment of a new flagship Faculty of Engineering and Technology aimed at international, national and local student demand, delivering professionally-accredited graduates at UG, PG and Doctoral level, and with internationally recognised R&D and teaching
- the creation of capacity in quantitative methods to support a variety of activities across all Faculties and, in particular to support work in economic development, smart cities and telehealth
- additional teaching provision (UG, PG, CPD) in other subjects in response to local needs
- leading-edge pedagogy and delivery of the learning environment, including the use of learning technologies
- promotion of local access to higher education through innovative relationships with local schools and FE to develop creative, attractive and holistic progression pathways for skills and learning as part of a connected learning landscape
- promotion of international student recruitment to strengthen the aspiration of Milton Keynes to be an international city and to help build sustainability more quickly than is possible under current strict government controls on the number of home students
- a commitment to developing creative partnerships wherever they aid the mission, and cohere with the values, of the University College
- a close partnership with Milton Keynes College as the provider of “HE in FE” in Milton Keynes based on complementary rather than competitive teaching provision
- the imaginative adoption of shared services and resource sharing, not just across educational establishments but within the public, private and third sectors, where appropriate and mutually advantageous
- a commitment to the development of high impact research admissible under the REF
- a tight integration with the Milton Keynes city wide R&D initiatives including Smart Cities, Low Carbon, and Telehealth
- the University College will be a core component of the proposed Sports Science and Sports Medicine Hub being promoted as part of Milton Keynes International Sporting City initiative in close collaboration with the Bedford campus
- pro-active support for the MK Gateway and its Centre for Innovation

- the University College will cross-fertilise and support activities at the other University campuses (for example, urbanism, smart cities and telehealth will provide rich themes for many of the University's endeavours) as well as drawing upon expertise across the University
- the distinctive model of the University College Milton Keynes as a wholly owned subsidiary of the University of Bedfordshire with a Local Board and significant Milton Keynes investment in the endeavour

Key Milestones

Growing the scale and scope of the University College Milton Keynes rapidly is a shared ambition. Separate Development Plans will articulate the growth plans which are based on the following key milestones.

By September 2012

- establishment of a shadow vehicle which is intended to become the University College when BIS and Privy Council approvals are in place
- negotiations with BIS and the Privy Council to establish the University College are well advanced (if not completed)
- third year degree programme top up for up to three of the UoB FDs currently taught by Milton Keynes College at the University Centre
- at least three additional courses in place at the University College
- transfer of the existing knowledge exchange and R&D activity from the current University Centre to University College Milton Keynes
- embedding of the Smart Cities Institute in the University College
- a small cohort of PhD students in place
- Development Plan 2012-2020 and Business Plan to 2016/17 in place for establishment of the new Faculty of Engineering and Technology (FET), including recruitment plans for senior academic staff
- management team in place and premises secured to meet needs to cover the period up to September 2013
- MoU with MK Council, MKHEB and MK College in place
- "Heads of Agreement" with MK Council in place
- University College Board structure agreed and in place (or a shadow Board in place if the relevant Privy Council permissions are not yet granted)

By September 2013

- launch of new Faculty of Engineering and Technology (FET) for start up phase with senior academic staff in post and pilot student cohort recruited with outline curriculum planning and design agreed;
- premises secured for FET launch
- professional accreditation process initiated
- agreement with Milton Keynes College on any potential shared use of its ITC facilities at its Chaffron Way campus
- international student recruitment plan in place
- residential accommodation plan in place
- R&D projects initiated
- Smart Cities Institute achieves first research outputs
- first cohort of FET students commence studies
- launch of further bachelor degree top-ups in response to local needs to complement MK College FD provision
- additional Masters level programmes launched
- introduction of CPD programmes for local employers

By September 2014

- FET professional accreditation secured
- Second cohort of FET students admitted
- Smart Cities institute establishes M-level CPD programmes

By September 2015

- Third cohort of FET students admitted

By September 2016

- Overall student numbers reach 1000 head count
- First FET graduation
- Second Development Plan and Business Plan 2017/18 to 2020/21 in place

Wards affected:
All Wards

ITEM 20

CABINET

25 JULY 2012

MEDIUM TERM FINANCIAL PLAN [2013/14 TO 2016/17]

Author: Tim Hannam, Corporate Director Resources MK 252756

Nicole Jones, Assistant Director Financial Management MK 252079

1. RECOMMENDATIONS

1.1 Cabinet is recommended to:

1.1.1 Note the financial forecast set out in Table A and the other issues in relation to both resources and expenditure which are reflected in the framework for the 2013/14 Budget and Medium Term Financial Plan.

1.1.2 Note the key assumptions that underpin the financial forecasts for the next four years and the associated risks.

1.1.3 Note that this report highlights an indicative savings requirement of £59m over the four year period 2013/14 to 2016/17 (see Table A), which requires the Council to drive forward its strategy to bridge the funding gap as set out in section14 of Annex 1.

1.1.4 Invite the Corporate Leadership Team (CLT) to develop detailed recommendations to address the medium term funding gap.

1.1.5 Endorse the Financial Principles as set out in paragraphs 2.1 and 15.1 of Annex 1, as a sound basis for the future financial management of this Council.

2. RELATED DECISIONS

2.1 Previous decisions in this context relate to:

2.1.1 Medium Term Financial Plan for 2013/14 to 2016/17 approved by Cabinet on14th February 2012.

2.1.2 The Housing Revenue Account Budget Report 2012/13 agreed by Council on 10th January 2012

2.1.3 The 2012/13 Budget agreed by Council on 21st February 2012.

3. INTRODUCTION

3.1 The purpose of this report is to update the Medium Term Financial Plan (MTFP) for the next four years, covering the financial period 2013/14 to 2016/17. The MTFP includes the General Fund Revenue Account, the Capital Programme and the Housing Revenue Account

3.2 The Medium Term Financial Plan (MTFP) is regularly updated as it evolves and develops throughout the year, to form the framework for the Council's financial planning. To ensure Members have sound basis for planning and decision making, the MTFP is formally updated at three key points in the year these are:

- February – with the Final Budget for the new financial year.
- June/July – as a framework for initial detailed budget discussions for the forthcoming financial year
- November – an update to include additional information received at a national level and corporate issues identified through service planning and the detailed budget build.

3.3 The purpose of the MTFP is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that the Council's resources are managed effectively in order to meet its statutory responsibilities and deliver the aspirations of the Council as set out in the Corporate Plan, over the medium term.

3.4 The most significant issue for this MTFP is the uncertainty surrounding future Government funding, as detailed in section 7 of Annex 1. The economic climate and the Government's deficit reduction strategy have resulted in reductions in Local Government funding. Further reductions are expected for the medium term, but the lack of detail regarding a number of proposed changes makes it difficult to forecast the exact extent of these reductions. This plan outlines a position based on national assumptions, but this position will change following further detailed announcements. Changes will be reflected in future updates of the Medium Term Financial Plan and will be incorporated into the detailed budget planning process for 2013/14.

3.5 The other major significant risk is the localisation of Council Tax Support (see paragraphs 8.10 to 8.23 of Annex 1). The Council is planning to consult on options for a local policy to mitigate the loss of up to £3m income from the total Collection Fund, of which £2.6m would be a loss to Milton Keynes Council and Town and Parish Councils. If a local policy to mitigate this loss is not introduced, the financial gap of £13.5m for 2013/14 (Table A) will increase.

4. SUMMARY OF REVENUE POSITION

4.1 The MTFP updates the forecast resources and expenditure for the Council for the period 2013/14 to 2016/17. This includes a number of detailed assumptions including likely Government funding, future pressures and the savings identified to date. Overall this results in the following projected shortfalls for the medium term:

Table A: Summary of Revenue Position

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Forecast Resources	(192.328)	(185.419)	(177.393)	(174.924)
Forecast Expenditure	205.797	200.193	195.644	187.162
Annual Shortfall	13.469	14.774	18.251	12.238
Cumulative Shortfall	13.469	28.243	46.494	58.732

4.2 A prudent approach has been taken to identifying this medium term position. There are a number of uncertainties and risks which will affect the overall position, but there is insufficient detail to confirm the final impact at this time. For these items a prudent estimate has been incorporated into these headline figures.

4.3 The Council is advised to continue with the implementation of its strategic approach to address the funding gap, arising from both national funding reductions and increased demand for services through the following:

- Delivering savings through the Organisational Transformation Programme.
- Renegotiating the Council's contracts to improve value for money and reduce costs.
- Improving efficiency and opportunities for cost reduction through improved; procurement, commissioning and shared services.
- Implementation of proposals agreed under Working Better Together and further review work on other aspects of the contract with Mouchel Business Services.
- Generation of additional income through new opportunities and changes to current fees and charges.
- Consideration of the transfer of some services to those who are best placed to deliver them e.g. Parish Councils and Voluntary Organisations.
- Focusing service delivery on Council priorities, which may result in some services either ending or being reduced.

4.4 The detailed budget process is currently ongoing which will allow these issues to be discussed with individual service groups, to enable further savings and cost reductions to be identified.

4.5 It is likely that the timing of savings will not precisely match the funding gaps currently being projected. There may also be additional one-off costs to implement the transformation required. The intention is to use the one-off resources currently unallocated (see Table 12 of Annex 1) to manage a two year savings strategy. Providing that ongoing savings (or reductions in pressures) have been identified over the two years, the phasing can then be managed to ensure deliverable and practical savings solutions can be implemented. This will require a much greater focus on the accuracy of the 2014/15 projection alongside 2013/14.

5. SUMMARY OF CAPITAL

5.1 The MTFP includes an update of the forecast resources and indicative expenditure over the medium term which can be shown as follows:-

Table B: Summary of Capital Position

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
Total Capital Resources (Table 16)	78.857	63.505	56.217	195.242	393.821
Total Capital Expenditure (Table 17)	59.818	68.161	55.015	206.481	391.598
Net position	**(19.039)**	**4.656**	**(1.202)**	**11.239**	**(4.346)**
Cumulative Position	**(19.039)**	**(14.383)**	**(15.585)**	**(4.346)**	

5.2 This shows that the Council's current expenditure needs can be met over the medium term through the re-phasing of schemes, as sufficient resources are available in 2013/14 to be carried forward for future years. However, this position is dependent on the re-examination of asset management requirements, which is currently ongoing and confirmation of future income. This also depends on the flexibility of uncommitted resources, as some capital funding is ring-fenced.

5.3 There are also a number of major schemes where the costs of the scheme and the timing of expenditure are unknown. It is likely that the combination of additional short-term pressures and new major schemes will mean that capital resources will need to be prioritised over the medium term.

5.4 This year the Council has also developed a 15 year view of the capital investment needs (see Annex 1a). This is an initial view of future needs, incorporating the long-term strategy to address backlog maintenance for highways and transport infrastructure (included elsewhere on this agenda). While this capital investment schedule still requires more work in some areas, it is an improvement to the previous medium term view of capital requirements, as it begins to enable a long-term funding strategy to be developed.

5.5 The Council has also published a high level Local Investment Plan (LIP) for consultation in May. This plan outlines the investment required to deliver infrastructure to support the growth of Milton Keynes. The detailed LIP will be produced alongside the Council's Medium Term Capital Programme and long-term investment requirements. This will result in a draft LIP and Capital Programme being published for consultation in November and a final LIP being submitted to Cabinet in February.

5.6 Further work on the investment requirements and an assessment of resource opportunities will be reflected in the development of the Medium Term Capital Programme and future Medium Term Financial Plans.

5.7 The financial implications of the HCA assets and Tariff are not included in the MTFP at the current time. Should the assets and Tariff transfer to the Council, the financial implications will be reflected in future Medium Term Financial Plan and Capital Programme updates.

6. SUMMARY OF HOUSING REVENUE ACCOUNT

6.1 From 1st April 2012, the Housing Revenue Account has been operating under the self-financing arrangements. This essentially means that the Housing Revenue Account took on £172m of debt and the costs of financing that debt, in return for buying itself out of the housing subsidy programme. Milton Keynes had previously received a negative subsidy (i.e. it had to make a contribution to the national pool).

6.2 The main difference for the Housing Revenue Account under self –financing, is that the only income available to the fund is from rents and other charges. This funding must be used to pay the debt financing costs and to maintain the houses (and other assets) for tenants. It is therefore important to consider the long-term position for the Housing Revenue Account to ensure it remains sustainable.

6.3 Work is currently ongoing to complete a more detailed review of the stock condition to inform the refresh of the Asset Management Plan. This information will support decisions on future asset management, including the identification of properties where it may be better to carry out major renovation or refurbishment works, rather than to continue with ongoing repairs and maintenance.

6.4 While work is currently underway on planning major regeneration works, which will affect the HRA, the financial implications of these changes are not yet known. However, there will clearly be a significant cost to this work.

6.5 The MTFP includes a projection of the income and expenditure for the Housing Revenue Account which can be summarised as follows:

Table C: Summary of Housing Revenue Account

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Income	(59.479)	(62.129)	(65.347)	(65.471)
Expenditure	60.319	62.129	65.103	65.227
Net in-year (Surplus) / Deficit	**840**	**0**	**(0.243)**	**(0.243)**
Reserve b/fwd	(4.939)	(4.100)	(4.100)	(4.343)
Reserve c/fwd	(4.100)	(4.100)	(4.343)	(4.586)

7. ANNEXES

7.1 The follow documents are appended to this report:

Medium Term Financial Strategy	Annex 1
Long-term Asset Investment Plan	Annex 1a
Housing Revenue Account Budget	Annex 1b

8. IMPLICATIONS

8.1 Policy

The Council’s Budget and Medium Term Financial Plan are the financial expression of all the Council’s policies and plans.

8.2 Resources and Risk

Yes	Capital	Yes	Revenue	Yes	Accommodation
Yes	IT	Yes	Medium Term Plan	Yes	Asset Management

8.3 Carbon and Energy Management

8.4 Legal

Decisions on the budget and the calculation of the Council Tax are ones which only the full Council can make on the recommendation of the Cabinet. When considering decision on the budget and the level of Council Tax, Members should have regard to the legal framework for such decisions. Adopting the recommendations set out in this report will enable the Council to set a lawful balanced budget.

8.5 Other Implications

No	Equalities / Diversity	Yes	Sustainability	No	Human Rights
No	E-Government	Yes	Stakeholders	No	Crime and Disorder
Yes	Carbon and Energy Policy				

MEDIUM TERM FINANCIAL PLAN 2013/14 TO 2016/17

1. BACKGROUND

1.1 The Medium Term Financial Plan (MTFP) is regularly updated as it evolves and develops throughout the year, to form the framework for the Council's financial planning. To ensure Members have sound basis for planning and decision making, the MTFP is updated at three key points in the year these are:

- February – with the Final Budget for the new financial year.
- June/July – as a framework for initial detailed budget discussions for the forthcoming financial year.
- November/December – an update to include additional information received at a national level and corporate issues identified through service planning, and the detailed budget build.

1.2 The purpose of the MTFP is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Corporate Plan, over the medium term.

1.3 The detailed sub-sections within the report, with page numbers where these can be found, are set out below:

MEDIUM TERM FINANCIAL STRATEGIES

2. Principles underpinning the Budget Strategy

2.1 The Council has a number of agreed principles as a basis for financial management and budget planning. These have previously been approved by the Cabinet. These are summarised below:

- Emerging pressures are managed within existing cash limits
- Spending is aligned to key priorities as set out in the Corporate Plan
- Income is only included in budget where supported by robust proposals and is deliverable
- Future liabilities are anticipated
- Budgets are sustainable

- Base Budget / One-off expenditure/ Capital expenditure are distinguished
- Savings proposals are supported by project plans and the impact on service delivery is clear.
- The allocation of capital resources is separate from expenditure approval
- Capital and revenue planning needs to be integrated to ensure implications are fully anticipated
- The use of specific grant funding does not lead to revenue budget pressures
- The Council reduces its dependency on reserves to balance the Budget

2.2 The national Government deficit reduction strategy has resulted in reductions in local government funding since June 2010. The announcements made in the Budget 2012 include public sector funding reductions until and including 2016/17. This confirms the position that funding reductions will at least be in place for the whole of this MTFP, although general opinion indicates economic recovery could lead to further reductions beyond this period.

2.3 This means funding reductions and the continued need to reduce public sector costs will remain a key part of the 2013/14 Budget and this MTFP. The Council is advised to continue with the implementation of its strategic approach to address the funding gap, arising from both national funding reductions and increased demand for services through the following:

- Delivering savings through the Organisational Transformation Programme.
- Renegotiating the Council's contracts to improve value for money and reduce costs.
- Improving efficiency and opportunities for cost reduction through improved; procurement, commissioning and shared services.
- Implementation of proposals agreed under Working Better Together/ New Ways of Working and further review work on other aspects of the contract with Mouchel Business Services.
- Generation of additional income through new opportunities and changes to current fees and charges.
- Consideration of the transfer of some services to those who are best placed to deliver them e.g. Parish Councils and Voluntary Organisations.
- Focusing service delivery on Council priorities, which may result in some services either ending or being reduced.

3. Resourcing Council Priorities

3.1 The Council is working to improve the links between corporate and service planning, the MTFP and the annual budget. This is to ensure that the 2013/14 Budget reflects the priorities of the Council and that service plans explain consistently how priorities will be delivered with the resources available. The MTFP creates the framework for resource allocation decisions that will support the delivery of the Corporate Plan.

3.2 The Corporate Plan was agreed by Full Council on 10th January 2012 and has been used as a basis for the planning assumptions in the MTFP. This plan sets out a vision and outcomes for Milton Keynes together with a series of priority actions to provide a shared framework for both the Council and its partner organisations. It also includes details of the Council's Organisational Transformation Programme.

3.3 In order to confirm the priority framework for the Budget and MTFP a Strategic Policy Assessment was carried out, to support a review of the Corporate Plan. This Strategic Policy Assessment highlighted the current key issues for Milton Keynes and was used as a basis to ensure the Corporate Plan outlined priorities to address these issues.

3.4 This Strategic Policy Assessment process confirmed that the Corporate Plan effectively outlined the priorities for Milton Keynes. A subsequent review of the delivery routes that contribute to stated priorities has ensured a strengthened focus on the delivery of these priorities and the outcomes they will achieve.

3.5 The integration of service and financial planning continues to be strengthened; this year workforce planning has been incorporated to ensure that the Council is considering the use of all resources not just financial in delivering its priorities. Detailed service plans to deliver the ambitions and priorities contained within the Corporate Plan, will be refreshed alongside the development of the Budget and MTFP.

3.6 The performance management framework to support delivery of the Corporate Plan has been strengthened by the introduction of a quarterly Corporate Performance Challenge process through which the Corporate Leadership Team reviews the performance of Service Groups. The format and content of quarterly performance reports has been changed to align to the priorities in the Corporate Plan, including a review of key performance indicators that measure the delivery of priorities.

3.7 In May 2012 the Council published its first Local Investment Plan (LIP) for consultation. This was a high level strategy document which begins to outline some of the infrastructure investment required to support the future growth of Milton Keynes. The LIP will continue to be developed alongside the Council's long-term investment programme and Medium Term Capital Programme, with a draft detailed LIP being published in November for consultation and the final LIP being proposed for Cabinet in February.

3.8 The aspirations set out in the Corporate Plan provide the framework for the prioritisation of resources both at Council and service level and are therefore being considered as part of the detailed budget process for 2013/14; MTFP and service planning process.

4. MTFP Linkages with other Corporate Strategies

4.1 There are a number of corporate strategies which shape and influence the Council's resources, both financial and non-financial and set frameworks to ensure that the Council's spending power is maximised. This section of the MTFP contains a brief summary of the progress against the plan, its impact on financial resources and planned future activity. The corporate strategies outlined are as follows:

- Organisational Transformation Programme
- Workforce Development Strategy
- Procurement Strategy
- Public Access Strategy
- ICT Strategy

- Property Strategy

Organisational Transformation Programme

4.2 The Organisational Transformation Programme (OTP) has been reviewed. The new suggested programme and more detail on the delivery of the current OTP is elsewhere on this Cabinet agenda.

4.3 A number of the projects included in the previous OTP have been successfully completed, or have now become business as usual following the transformational activity, for example the successful delivery of Housing Self-financing; the creation of the Regulatory Unit; the licensing of the Casino; the Community Asset Transfer Programme and Phase 1 of the Children's Services Reorganisation.

4.4 However a number of projects are still ongoing and will continue to be included in the OTP. These projects are expected to make a considerable contribution to both the transformation of the Council and the delivery of the funding gap outlined in Table 15. For example, the Public Access Strategy, the Residual Waste Treatment Facility and Highways Contracting (the Outline Business Case is also elsewhere on this agenda).

4.5 The current OTP has delivered £0.600m of savings which were included in the 2011/12 budget and is on track to deliver £1.600m of savings in the 2012/13 budget. The OTP savings have made a significant contribution to the savings requirements in previous years and its contribution is expected to increase. The detailed estimated savings from a number of the new or revised strands and projects identified in the revised OTP are still being calculated, but this programme will remain a significant part of the strategy to address the financial gap both by reducing costs and generating additional income.

Workforce Development Strategy (WDS)

4.6 The Workforce Development Strategy has a direct connection with the MTFP as it contributes to the development of an effective and efficient workforce. This strategy has provided the framework for the delivery of workforce change that has taken place and will need to continue in light of the Council's financial position. The strategy is closely aligned with the organisational transformation programme, and will be fully refreshed in the autumn.

4.7 Key areas of progress include:

- Specific elements of workforce costs examined and anomalies removed.
- Effective redundancy and redeployment policy in place to support restructuring activity and the voluntary redundancy programme.
- Improvements to people management, information and processes, including appraisals and performance management to improve the effectiveness of the organisation, managers and staff.
- Robust policy review and development process in place and delivering policies, toolkits and training to further support performance management. (New in 2011/12 Discipline, Capability and Attendance Management with targeted work to reduce the cost of sickness absence. New in 2012/13 to date, Grievance and Dignity at Work (Tackling Bullying and Harassment)).
- Refreshed management development programme implemented.

4.8 Workforce savings targets were achieved with a reduction in the employee costs of £10.571m (compared with 2010/11, this also includes staff TUPE changes); with a council-wide Voluntary Redundancy programme delivering £0.463m of the total saving. Within those overall savings, the total senior management paybill (Assistant Directors and above) reduced by £0.470m between July 2010 and July 2012.

4.9 The table below shows a summary of the workforce costs and staff numbers over the last three years, with numbers of voluntary and compulsory redundancies.

Table 1: Workforce costs and numbers

	2010/11	***2011/12***	***2012/13 (budget)***
Employee Costs (£m)	£87.501m	£79.428m	£76.930m
Non Schools Staff numbers (FTEs)	2,536.10 (Feb 10)	2,413.88 (Mar 11)	2,177.07 (Jun 12)
Voluntary Redundancies	11	56	20
Compulsory Redundancies	27	38	12

4.10 Priorities for further work:

- To complete the Job Evaluation project and the development and implementation of a new pay structure.
- To continue to improve workforce planning at a service grouping level to support the organisation to deliver its medium term priorities.
- To develop and engage staff at all levels to strengthen the ability of each employee to contribute to performance improvement.
- To implement new tools (Manager and Employee Self Service – ESS/MSS) for managers and staff to further improve the efficiency and accuracy of workforce data and related management processes.
- To complete further structural analysis, supported by efficient ESS/MSS organisation charting capabilities, to monitor and manage staffing capacity and ensure resources are at the right level and in the right place.

Procurement Strategy

4.11 The Procurement Strategy is an essential element of the Council's approach to the achievement of value for money and cost reduction. Savings through improved procurement are a key part of the strategy to address the financial gap.

4.12 Key areas of progress include:

- The introduction of a Procurement Committee to make procurement decisions, including challenge and approval of both the specification of works and award of tender. This ensures value for money is achieved for the Council and consistent practices are applied across service groups.

- Progress on the review of Council suppliers to rationalise purchasing and identify opportunities for better corporate procurement, although this work is still ongoing.
- An initial forward plan of procurement decisions enabling contracts to be challenged for value for money and co-ordinated across the Council to maximise purchasing power and to minimise procurement costs. It is recognised this requires further work to ensure all contracts are captured. This forward plan also helps external organisations identify opportunities to tender for work.
- Implementing the use of framework contracts for social care to reduce the cost of individual packages of care.

4.13 Improved procurement has contributed to the delivery of £3.8m of cost reduction in 2011/12, including enabling better value for money to be achieved from capital resources. Estimated procurement savings in 2013/14 and future years are still being determined but the delivery of this strategy is expected to make a significant contribution to addressing the financial gap for the Council.

4.14 Priorities for further work:

- To work with Finance on e-enabling some of the Council's purchasing processes to reduce costs and streamline processes for both for the Council and its suppliers.
- To develop a corporate standard for ongoing contract management to ensure continuous improvement and value for money throughout the contract term.

Public Access

4.15 In December 2011 the Council approved the Public Access Strategy, with a two year implementation timetable to transform customer services. This strategy will improve our customers' experience by:

- Making it easier for them to get the services they need and maximising the number of enquiries (85%) that are resolved at first point of contact;
- Matching resources to need to improve outcomes;
- Re-designing the front and back office to reduce hand offs and rework; and
- Removing duplication, inefficiency and bureaucracy, resulting in cost reductions.

4.16 The implementation is being phased to focus on the areas which will give the most immediate benefit to customers. Phase one includes environment services and highways. Work is currently ongoing to develop the business case for the individual service changes required in phase one, including the identification of both financial and non financial benefits. The business cases are expected to be completed in August.

4.17 The strategic business case approved in December set out investment costs of £1.89m and potential savings of at least £3.7m over five years, although the actual savings from each phase of transformation will be identified through the development of the business case.

4.18 This programme will deliver a major change to the way the Council operates; improve customer experience and is expected to make a significant contribution to the Council's financial gap. Savings are forecast to be in arrears of the transformational change, but the investment and delivery in 2012/13 is expected to start to deliver net savings in 2013/14 and increasing levels of savings in future years. As the business cases are developed these will be incorporated into the MTFP.

ICT Strategy

4.19 The Council's ICT and e-Government Strategy is planned for a refresh in the autumn of 2012. This strategy underpins a number of transformational activities, which will deliver financial savings for the Council including office rationalisation (part of the Property Strategy) and the Public Access Strategy. There are also a number of projects within ICT which are intended to improve the Council's infrastructure and business tools, while reducing costs.

4.20 Key areas of progress include:

- Work underway on reviewing and rationalising systems to remove duplication. This has identified 3 business cases which will deliver non-cashable savings in 2012/13 and cashable savings in 2013/14 and future years.
- The two year rollout to the Virtual Desktop Environment is currently underway, which reduces computer purchase and maintenance costs and reduces energy consumption.
- The procurement of new network software as part of a consolidated data management package, which is expected to deliver significant savings.

4.21 These initiatives are forecast to deliver £0.539m of savings in 2012/13 as part of the Working Better Together savings. The priority for the ICT strategy is currently to enable improved business processes and support the organisational transformation programmes to enable these initiatives to improve efficiency and reduce costs for the Council.

4.22 Priorities for further work:

- The rollout of the Electronic Document Record Management System (EDRMS) which will reduce storage space (in line with the office accommodation strategy) and also ensure that the Council can identify and search documents to comply with legislative requirements.
- Consolidation and rationalisation of corporate systems to ensure appropriate systems are in place to enable a single point of access for the customer.

Property Strategy

4.23 The Corporate Property Strategy will continue to support the delivery of the Medium Term Financial Plan in the following ways:

- A review of office accommodation has taken place, which has identified opportunities to rationalise office accommodation. As a result 3 properties have already been vacated through expiry of leases, and 6 properties are now being sold or are being offered to lease, with staff moving to other buildings. These changes are anticipated to deliver £0.2m of savings in 2012/13 and £1.8m savings in future years.
- Phase two of the office accommodation rationalisation envisages increasing the density of staff in the two main corporate buildings, through the use of

hot-desking and flexible working arrangements. The workforce and ICT requirements to support this change currently being developed.

- Discussions are underway to develop a corporate property and facilities management function, which will become responsible for managing all Council property. This will both identify opportunities for efficiency through consistent ways of working and through the procurement of Council-wide contracts for facilities management. Savings from these measures are currently being developed.

5. The Global Economy and Inflation

5.1 An update on the UK's economic and fiscal outlook was published by the Office for Budget Responsibility (OBR) on the 21st March 2012, alongside the Budget 2012. The Budget 2012 identified public sector spending reductions until and including 2016/17, so throughout the period of this MTFP. This is largely due the Government's fiscal consolidation.

5.2 There are a number of national economic issues which will affect the costs the Council incurs, the funding it receives and contribute to the demand for services as residents are affected by the economic circumstances. The main issues including both the OBR forecasts (at March) and the average independent forecasts, collated by the Treasury in June are set out below.

Economic Growth

5.3 In March the OBR was forecasting that the economy would avoid a technical recession, (when the economy experiences two consecutive quarters of negative growth) and had given a growth forecast for 2012 of 0.8%, a 0.1% reduction on the position forecast in November. However, since the OBR report was published, the growth statistics have indicated that the economy actually declined in the first quarter of 2012, resulting in the economy technically being in a double- dip recession. The table below shows the OBR forecasts in November and March and the average independent forecasts, published in June.

Table 2: Forecast Gross Domestic Product (GDP)

	2011	2012	2013	2014	2015
November 2011(OBR)	0.9%	0.7%	2.1%	2.7%	3.0%
March 2012 (OBR)	0.8%	0.8%	2.0%	2.7%	3.0%
June 2012 (average independents)		0.3%	1.7%	NA[1]	NA

5.4 The average headline growth rate forecast in June 2012 is lower than the OBR rate for 2012. The projection then shows a slightly slower recovery than the OBR had anticipated.

Inflation

5.5 The rate of Consumer Prices Index (CPI) inflation in the UK matched its record high in September 2011, rising to 5.2%. It has since fallen, most notably when the increase in VAT fell out of the annual comparison, resulting in an average result of 4.5% for 2011. The largest upward pressure in the change came from increases in gas and electricity charges.

[1] Forecast data is not available beyond 2013

5.6 Inflation has been falling sharply during 2012 and it is forecast to remain at the Bank of England's target rate of 2% in the medium term as illustrated in Table 3.

Table 3: CPI Forecast

	2011	2012	2013	2014	2015
November 2011(OBR)	4.5%	2.7%	2.1%	2.0%	2.0%
March 2012 (OBR)	4.5%	2.8%	1.9%	1.9%	2.0%
June 2012 (average independents)		2.4%	2.0%	NA[2]	NA

5.7 The inflation rate impacts on the cost of services the Council purchases, as Milton Keynes delivers over half of its service provision through private sector providers, unless lower inflationary pressures can be negotiated inflation will cause costs to increase while funding continues to decrease.

5.8 However, these projections indicate that inflation will remain relatively low for the long-term, which although still a pressure for the Council, is less than earlier forecasts had suggested. If economic growth does increase as projected, these inflation rates may increase, which would make the Council's financial position considerably worse.

5.9 While the Government's measure of inflation is CPI, many of the Council's contracts are based on the Retail Price Index (RPI) which is projected to be at 2.7% for 2012 and 2013.

5.10 The Council has reviewed its planning assumptions in light of these forecasts and has included 2% general inflation for future years. Contractual inflation is included based on individual contracts as required.

5.11 The continued debt crisis in the euro zone is still a considerable risk to these projections. No long-term solution has yet been found and the financial markets are currently very volatile, meaning this position could change quite quickly.

Population and Unemployment

5.12 Between 1991 and 2009, the population of Milton Keynes increased by 33%, whereas the increase across England was only 8%. The projection for 2009 – 2018 is that Milton Keynes will grow by a further 15% to give a projected population of 272,740 by 2018.

5.13 Unemployment in the UK now stands at 2.65 million. This figure is forecast to peak at 2.9 million in 2013, with levels not expected to fall below 2.5 million before 2015 because of slow economic growth.

5.14 In Milton Keynes, unemployment (Claimant count) fell to 6,496 (4.0% of the working population) in May 2012 from 6,643 (4.1%) in April 2012, a decrease of 147 claimants. Comparatively, the Milton Keynes unemployment rate of 4.0% is just above the UK rate of 3.9%, although it is 1.3% higher than the South East rate of 2.6%.

5.15 The impact of unemployment among young people (under 24 years of age) remains an issue regionally and nationally. Young people made up 24.1% of the unemployed in MK in May 2012 compared to 27.0% in the South East

[2] Forecast data is not available beyond 2013

region and 28.7% in the UK. As a result of this, the Council will need to continue its investment in promoting and supporting these people (as set out in the Economic Development Strategy). The MTFP assumes one-off resources will be allocated as part of the budget pressures to address these challenges.

Public Sector Pay

5.16 The Chancellor has imposed a further restraint on public sector pay following the pay freeze in 2011/12 and 2012/13; setting an average increase of 1% for two years, to help pay for capital investments and support to help young people find work. While local government pay is not set by central Government, it is likely that the local government pay rate will follow this announcement. This pay restraint will be assumed by central Government and funding for local government will be reduced accordingly. This MTFP assumes a 1% increase in pay for 2013/14 and 2014/15 and a further 1% growth for increments. However, this will be reviewed in light of the pay and reward project.

MEDIUM TERM FINANCIAL POSITION

6. Overview

6.1 The General Fund Revenue Account records all of the expenditure and income relating to the day to day running costs of the Council. This account funds the majority of service provision, except for the services relating to tenants in the Council's houses. Expenditure for investment in assets is classed as capital expenditure.

FORECAST RESOURCES OVER MTFP PERIOD

7. Government Revenue Funding

7.1 The Budget 2012 announced in March, confirmed that Government financial support for local authorities would continue to decrease. At present detailed funding for individual authorities is not available, so the funding levels in this MTFP are based on the national spending totals for Government departments. These spending totals show significant decreases in the total level of funding that will be available for local government throughout the life of this MTFP and have been used to estimate the potential funding reductions for Milton Keynes Council.

7.2 The Local Government Resource Review (see paragraph 7.6) will impact on the way that this funding is received. Rather than receiving a fixed Formula Grant, Government funding will now be through a combination of retained business rates and a potential additional payment through Revenue Support Grant. These changes will mean that in year funding from Government will vary during the financial year.

7.3 In the Autumn Statement made by the Chancellor in November 2011, it was announced that funding levels for 2013/14 and 2014/15 would be reduced to reflect an assumption that Local Government pay awards will average 1% in each year. This means in setting the funding available for local government, it has been assumed that pay increases will be limited to 1%, even though the Government does not set pay increases for local government employees. Any decision to increase pay above 1% will result in a budget pressure.

7.4 This MTFP makes the following assumptions about total Government funding based on the national spending totals currently available.

Table 4: Forecast Government Funding

	2013/14	2014/15	2015/16	2016/17
Forecast Government Funding (£m)	77.175	69.193	62.412	58.168
Reduction (£m)	-4.436	-7.982	-6.781	-4.244
Percentage Reduction (%)	-5.4%	-10.3%	-9.8%	-6.8%

7.5 However, there are a number of factors which will influence the level of funding Milton Keynes actually receives compared to other authorities. These are as follows:

- Local Government Resource Review (see paragraphs 7.6 – 7.9)
- Academies Transfer Adjustment (see paragraphs 7.10-7.11)
- New Homes Bonus Grant (see paragraphs 7.12-7.13)
- Data changes affecting the baseline position

Local Government Resource Review

7.6 Government funding for local authorities is changing significantly in 2013/14, as a result of the Local Government Resource Review. This review will be conducted in two phases. Phase 1 considering how to localise business rates (see paragraphs 7.7-7.9) and implement the changes required as a result of the implementation of the localisation of Council Tax benefits (see paragraph 8.10-8.23). Phase 2 will consider the implementation of Community Budgets.

Localisation of Business Rates

7.7 The details of the proposals to localise business rates have currently to be confirmed. The principles of the scheme are available but there is insufficient detail to determine how this will impact on individual authorities.

7.8 The intention behind the introduction of the scheme is to provide an incentive to local authorities to promote economic growth in their area, by ensuring that at least a proportion of the increased business rates generated by this growth are retained at a local level. However, this also means that if business rates reduce in a year, local authorities are exposed to an income risk.

7.9 The principles of the scheme are as follows:

At a National Level

- The total business rates collected at a national level will be split into two elements; the central share and the local share. The central share will be kept by central Government; the local share (50% of the total) will be retained by local authorities, (subject to Tariffs, top-ups and levies to mitigate disproportionate growth).
- The Police service will be funded from the central share rather than through the localisation of business rates.
- The length of time between resets of the system will not be set in legislation but it is not intended to reset the system until 2020 at the earliest. This means growth will be measured against the current baseline until 2020.
- The 50% local share will be less than the Local Authority spending review totals in 2013/14 and 2014/15, so the difference (once the New Homes Bonus funding has been deducted) will be allocated through a Revenue

Support Grant (the basis will be set out in the Local Government Finance Report).

At Local Authority Level

- The Government will define and consult (over the summer) on the definition of Local Authority Business Rate income for the purposes of payment of the central share. This will include consideration of issues such as mandatory and discretionary rate relief, losses on collection, hardship relief and repayment of refunds for previous years. As the income from retained business rates is not guaranteed the result of this definition will influence the risk to local authority income in year.
- The local share will be retained by the Council, and will form its funding baseline. The baseline will increase linked to an index each year (probably based on RPI), so for any benefit from the funding system, any growth in business rates must exceed the increase in the index.
- Where the LA received more business rate income that the local share, they will be required to pay a tariff, where the LA receives less business rate income than the local share they will receive a top-up. Milton Keynes will be a Tariff authority as we collect considerably more in business rates than we are able to retain (note: the figures included below are for illustrative purposes only)

Chart 1: Model for Localisation of Business Rates

<table>
<tr><td rowspan="2">Total Business Rate Income (c£133m)</td><td>Tariff (paid to Gvmt as central share) c£53m</td></tr>
<tr><td>Local Share (funding baseline) c£80m</td></tr>
</table>

- (This model excludes any allowance for funding through Revenue Support Grant, so our actual local share may be lower, with a proportion of our income being through Revenue Support Grant).
- There will be a safety net (funded from the tariffs paid by other authorities) this will be a guarantee that no authority will see its income fall below a set proportion of its baseline spending. It is likely the safety net will be set in the range of 7.5% to 10% below the spending baseline.
- For example, with the safety net set at 10%. If income is less than 90% of the baseline, a top up would be received so that a maximum of 10% of the baseline is lost. But if funding fell by 8%, no top-up would be received as the loss will not be significant enough. Based on the headline figures above, this could give potential losses of up to £8m in a year, with no funding through the safety net.
- Local Authorities will be allowed to retain their growth in business rates (above the index linked increase in the baseline), but a levy will be imposed to limit disproportionate growth. This will be a proportional levy (individual to each authority) so that for every 1% increase in business rates the authority

can retain a 1% increase in its baseline spending share. So in the example above, if business rates increased by £1.3m (1%) the Council could retain £0.8m (1% increase in the baseline).

Academies Transfer Adjustment

7.10 The Department for Education (DfE) consulted local authorities on a reduction to their Government funding allocation to reflect increasing numbers of schools becoming academies. The DfE view was that local authority costs would reduce as schools become academies and therefore the local government funding could be reduced.

7.11 The decision was made to freeze reductions in local government funding at a maximum of the level already deduced from funding allocations in 2012/13, with further announcements on future funding reductions. At present no further information has been provided. Although there has been some indications that a ring-fenced grant for central education services could be created. The conversion to academy status in Milton Keynes has been relatively high, which means the impact of any proposed funding reduction could be greater than the national spending totals. For this reason the funding forecast included in the MTFP incorporates an additional £1m estimated funding reduction to mitigate against this risk.

New Homes Bonus Grant

7.12 The Government have stated that any New Homes Bonus Grant (NHB) payments, in excess of their £950m allocation, will be top sliced from the business rates that would have been allocated to local authorities, to be redistributed through the NHB grant. This means that the deduction in funding will affect the total available for distribution to all authorities, with those authorities with high levels of house building then receiving the New Homes Bonus in return. The allocation of New Homes Bonus Grant to Milton Keynes Council is addressed in Table 9 of this Plan.

7.13 In addition to the changes to the main sources of Government funding, the Council is also affected by changes to Specific Grants. Further information on the estimated impact on specific grants is shown in paragraphs 9.2 to 9.4 of this report.

8. Council Tax

8.1 In February 2011 the Council accepted a Government proposal to freeze Council Tax for 2011/12. As a result of this the Council received a grant equivalent to a 2.5% increase (£2.3m). The terms of this grant are such that this amount will be paid for an additional 3 years i.e. 2012/13 – 2014/15.

8.2 In February 2012, the Council again agreed to freeze Council Tax in return for a one-off grant equivalent to a 2.5% increase. This grant is not available to support expenditure in 2013/14, adding to the funding gap. Any further decisions to maintain Council Tax at its current level , though one-off grant funding will increase the shortfall in future years.

8.3 Table 5 shows the Council Tax assumptions which have been included in the medium term financial plan. For future years planning purposes, the estimates for Council Tax increases have been reviewed to reflect the Council's policy of having low levels of Council Tax increases. For future years, the Council will have to be mindful of the new Local Referendum powers as outlined in paragraphs 8.4 to 8.6.

Table 5: Planning Assumptions for Council Tax Increases

Year	Current projection
2013/14	**2.25%**
2014/15	**2.25%**
2015/16	**2.25%**
2016/17	**2.25%**

Council Tax Referendums

8.4 As part of the 2011 Localism Act, Council Tax Capping in England has been abolished and has been replaced by new powers for residents to approve or veto excessive tax increases through a local referendum. If the residents vote against the increase, the local authority will have to revert to a Council Tax level that is compliant with the Governments proposed increase.

8.5 Each year, the Government will give an indication of the level of increase they are minded to propose, with the final announcements being confirmed in the early part of the New Year. For 2012/13 a threshold of 3.5% for single tier authorities was set, no proposal has yet been made for 2013/14. Any increase above the set threshold will trigger a referendum under the new powers.

8.6 There were no equivalent limits proposed for Town and Parish Councils for 2012/13, although these may be introduced in future years.

Collection Rates

8.7 The calculation of the Council Tax base for a given year includes an assumption of the percentage of sums due which are actually collected. The collection performance by the Revenues and Benefits section of the Resources: Finance, Governance & HR Group is predicted to be maintained at 98.85%.

8.8 There is currently concern that the impact of welfare reform and the Council Tax Support changes (see paragraphs 8.10 to 8.23) will result in a reduced collection rate. While the design of the Local Council Tax Support Scheme will influence this risk, the national changes to welfare benefits are also likely to impact on household income. If household income falls, this may result in a reduced collection rate for Council Tax. The assumption in this MTFP is that collection rates in 2013/14 will fall by 0.25%, to 98.60%. This will be revisited in subsequent budget/ MTFP reports once the implications of welfare reform and Local Council Tax Reform become clearer.

Use of Collection Fund Surplus

8.9 The Collection Fund is monitored throughout the financial year. As at June, the Collection Fund was on track to deliver the budgeted return from Council Tax for the Council. If later in the year a surplus is forecast, this will be used in line with the agreed financial principles. As a “one-off” surplus this will be used to fund “one-off” expenditure. A prudent approach to committing any future forecast surpluses will also be taken.

Local Council Tax Support

8.10 Council Tax Benefit is a benefit for people on low income to help them to pay Council Tax. It is paid to individuals by local authorities. The Government currently gives local authorities a grant to match the payments made to individuals.

8.11 In the 2010 Comprehensive Spending Review, the Government announced proposals to reduce spending on Council Tax Benefit by 10%, saving £490m nationally and localising the responsibility for providing Council Tax support.

8.12 The changes in the funding and responsibilities for Local Council Tax Support (LCTS) mean that rather than giving a benefit to meet the costs of Council Tax, support will now be in the form of a discount against Council Tax owed. Local authorities can adopt a policy to determine who is eligible for the discount, if a local policy is not set a default national scheme will need to be followed.

8.13 The Government have determined that pensioners should not be impacted by the changes to Council Tax Benefit and vulnerable people should also be protected, although "vulnerable" has not been defined. Local authorities should be mindful of equalities impact legislation and ensure schemes provide incentives to work when developing their local policies for Council Tax Support.

8.14 The initial assessment following the announcement of the change, suggested a financial loss to the Council of £1.7m. However, the information published recently suggests that the national intention to reduce the benefits paid out, means the financial impact for Milton Keynes Council (and parishes) is potentially up to £2.6m in 2013/14, with the total impact on the Collection Fund being closer to £3m.

8.15 There are a number of factors which will mean the future loss in income is likely to be greater than £2.6m, unless the local policy implemented anticipates these issues. The main issues are as follows:

- Council Tax increases will no longer be funded, as was the case with benefits, so less income will be generated by an increase in Council Tax.
- The growth in houses in Milton Keynes is likely to lead to a greater need for discounts to be paid out; the modelling at present assumes a 2.5% increase per year.
- The Government grant to mitigate the changes proposed will be fixed at £12.133m, for at least two years. However, given the uncertainty of the position in 2015/16 and 2016/17 no further increase has been assumed.

8.16 The table below summarises the impact of the changes to the Tax Base and to the Milton Keynes Council's Council Tax income.

Table 6: Impact of Local Council Tax Support on Total Collection Fund

	2013/14	2014/15	2015/16	2016/17
Council Tax				
MKC (£ per band D)	1,141.39	1,167.07	1,193.33	1,220.18
Parish (£ per band D)	62.21	62.21	62.21	62.21
Police and fire (£ per band D)	213.43	213.43	213.43	213.43
Total (£ per band D)	**1,417.03**	**1,442.71**	**1,468.97**	**1,495.82**
Tax base before change	85,284	86,260	87,360	88,460
Estimated subsidy paid out (£m)	17.425	17.861	18.307	18.765
Tax base equivalent	12,297	12,380	12,463	12,545
Total Council Tax collected before change (£m)	(120.850)	(124.448)	(128.329)	(132.320)
Council Tax collected after change(£m)	(103.425)	(106.587)	(110.022)	(113.555)
Plus MK grant (£m)	(12.133)	(12.133)	(12.133)	(12.133)
Plus police and fire grants (£m)	(2.319)	(2.319)	(2.319)	(2.319)
Total income in new scheme (£m)	(117.877)	(121.040)	(124.474)	(128.007)
Total loss due to change (£m)	**(2.973)**	**(3.408)**	**(3.855)**	**(4.312)**

8.17 In mitigating the impact of the Local Council Tax Support Scheme, Government have issued grant allocation to the billing authority (Milton Keynes Council) and the major precepting bodies (Thames Valley Police Authority and Buckinghamshire Fire and Rescue Service). No additional grant allocation has been issued to Town and Parish Councils who also face an income reduction if the Tax Base reduces.

8.18 In the guidance published with the scheme, the billing authorities have simply been instructed to work with Town and Parish Councils, being mindful of the fact that the Secretary of State may impose referendum limits for excessive Council Tax increases. The table below shows the reduction for Milton Keynes Council and the Town and Parish Councils if the total grant was retained by Milton Keynes Council.

Table 7: Maximum Losses to Town and Parish Council's

	2013/14 (£m)	2014/15 (£m)	2015/16 (£m)	2016/17 (£m)
Total Council Tax collected before change (£m)	(97.342)	(100.671)	(104.249)	(107.937)
Council Tax collected after change (£m)	(83.306)	(86.223)	(89.377)	(92.630)
Plus MK grant (£m)	(12.133)	(12.133)	(12.133)	(12.133)
MK Council loss due to change (£m)	**(1.902)**	**(2.315)**	**(2.739)**	**(3.174)**

Max loss to Parish Councils (£m)	**(0.765)**	**(0.770)**	**(0.775)**	**(0.780)**

8.19 Milton Keynes Council is planning to consult on options for a local policy over the late summer/ early autumn. These options will include technical changes to Council Tax which will offset some of the projected loss, but the remaining impact on the Collection Fund, can only be offset by reducing the level of support previously given.

8.20 Once the likely impact of the local policy has been determined, the Council will need to work with Town and Parish Councils to share any residual impact.

8.21 At present this MTFP assumes that the combination of the technical reforms and the local policy will fully offset the income loss estimated in 2013/14. But the Council will need to fund the costs of the 2.5% increase in claimants (as the grant is frozen) and future years income raised through the Council Tax will be reduced. These assumptions will need to be reviewed and the Tax Base recalculated once the projected impact of the local policy becomes clearer.

8.22 One-off costs of £0.800m in 2013/14 and £0.500m in 2014/15 have been assumed to allow some transition for individuals between their current arrangements and the new local policy.

8.23 In addition to the impact of the LCTS on the Collection Fund, the Council is likely to face an additional financial pressure from a reduction in the administration grant to deliver Council Tax Benefit. The Department of Work and Pensions have announced that grants will be reduced, although the detail is not yet known, even though the cost of administrating a local scheme is likely to be as much or potentially more than the administration of the local scheme. This MTFP has included a £0.600m loss in income from the administration grant as a financial pressure.

Tax Base

8.24 The major changes to the Tax Base are as a result of the implementation of LCTS (see paragraphs 8.10 to 8.23).

8.25 The forecast growth in the Tax Base is based on housing growth assumptions and adjusted for a risk to potential delivery. The current estimated Tax Base growth is currently estimated at 1,000 band D properties a year. The estimated Tax Base and the changes for LCTS are currently estimated as follows:

Table 8: Estimated Tax Base

Band D equivalents	2013/14	2014/15	2015/16	2016/17
Council Tax Base - original	84,284	85,284	86,284	87,284
Council Tax Base Growth	1,000	1,000	1,000	1,000
Revised Council Tax Base	85,284	86,284	87,284	88,284
Impact of welfare reform on collection rates (0.25%)	(176)			
Impact of LSCT funding change	(12,297)	(12,380)	(12,463)	(12,545)
Impact of technical reforms	565	555	545	535
Impact of local policy	1,553	1,525	1,498	1,471
Forecast Tax Base	74,928	75,984	76,864	77,745

8.26 The estimated future growth is regularly reviewed to ensure it remains reasonable, and a prudent estimate is always used to ensure the Collection Fund remains balanced or in a surplus. The anticipated income arising from a projected increase in the Tax Base is shown in Table 10.

9. Other Resources

Income Generation

9.1 The Council is also considering business opportunities as part of the Organisational Transformation Programme which is focused on identifying, assessing, and where appropriate, developing opportunities to increase Council income from alternative sources. These include the following items which have or will be incorporated within the MTFP (as the position becomes clearer):

- Potential income from a Casino in Milton Keynes. The initial agreement of the Casino licence has generated £0.500m per year for the Council, in addition to the funding specifically earmarked to offset the direct impact of the casino on vulnerable individuals. The use of this funding is being considered as part of the budget development and will be used to sustain services, particularly those which impact on the communities in the area surrounding the casino.

- The residual waste treatment facility currently being developed may offer income generation possibilities, through selling spare capacity.

Specific Grants

9.2 The Council continues, to receive a number of specific grants. These grants are in some cases “ring fenced” to individual activities, so spending is dictated along with the funding. Some specific grants are not ring fenced which means that although the grant was previously related to a particular activity or service area, the Council can choose how funding is spent in accordance with local priorities.

9.3 The announcement in relation to the principles for the localisation of business rates have indicated that a number of specific grants may be included in the local share, which will be funded from retained business rates. However, this is not yet clear. At present the current level of specific grants have been reviewed, and funding reductions in line with the Government spending totals have been applied, unless more information is known.

9.4 Additional funding has been included in the Early Intervention Grant for 2012/13 in recognition of increased costs associated with providing early education for disadvantaged two year olds. An announcement has been made that this funding will transfer from the Early Intervention Grant to the Dedicated Schools Grant. Further details are expected in July.

Reserves and Balances

9.5 The Council must have regard to the level of reserves needed for estimated future expenditure when calculating the budget requirement. A risk assessment of the General Fund Balances informs the Corporate Director, Resources view of the adequacy of reserves to provide assurance to the budget. While the minimum prudent level of reserves continues to remain at £7m for 2012/13. However, an assessment of the deliverability of individual proposals and the risks identified on the budget risk register (which is being formally refreshed as part of the detailed budget process), identifies a need to maintain General Fund reserves at £1.5m above the minimum prudent level, to mitigate against the combination of risks identified.

9.6 In addition to the General Fund Balance, the Council keeps a number of earmarked reserves on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans or potential liabilities.

9.7 The Council has continued to develop its prudent financial management arrangements over the last two years, through the development of earmarked reserves to mitigate against potential future risks. As issues arise the potential requirement for an earmarked reserve is considered. New earmarked reserves are formally considered as part of the detailed budget process, to ensure that risks identified are adequately mitigated.

9.8 The detailed budget process includes an assessment of the adequacy of General Fund Reserves and a review of earmarked reserves, to both create new earmarked reserves and release reserves which are no longer required, to become one-off funding for the Council.

9.9 The major new risks for the Council this year relate to the changes to funding through the localisation of business rates and the impact of the Local Council Tax Support Scheme. Both of these changes expose the Council to in-year fluctuations in income, which had previously been fairly guaranteed.

9.10 An earmarked reserve for the impact of the localisation of business rates was created last year as proposals were announced. This currently contains £0.748m. However, the recent announcements that the safety net will only operate to protect Councils after losses of 7.5% to 10% of their baseline funding, means the Council is exposed to significantly higher risk than previously expected. Modelling is currently being undertaken to review the volatility for business rate income in Milton Keynes. Once this work has been completed a revised level of reserve will be recommended.

9.11 The Local Council Tax Support scheme means that the Council will need to administer discounts to Council Tax at its own cost. This means if the demand for discounts increases the Council will collect less income in year than was previously expected. In order to protect against this future risk it is recommended that an earmarked reserve is set up of £0.500m. This is equivalent to a 2.5% growth in demand. This will either be created from in-year underspends, through a review of current reserves or through one-off funding available in the Budget process.

9.12 One of the key underpinning financial principles of the MTFP is to reduce the Council's dependency on Reserves (and other one-off funding) to balance the ongoing pressures in the budget. Earmarked reserves are now used to for specific purposes (usually one-off) to support the delivery of corporate objectives and to mitigate risks.

New Homes Bonus

9.13 The Government has established the New Homes Bonus which is allocated to Councils based on the building of new homes and bringing empty homes back into use. It is promoting New Homes Bonus as a way to ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place - and so help engender a more positive attitude to growth.

9.14 New Homes Bonus is potentially a resource to invest to support the implementation of key strategies, including the Core Strategy; Economic

Development Strategy; Local Investment Plan; Regeneration Strategy, and Housing Strategies. The allocation of the grant will be managed strategically in accordance with existing Council objectives through the policies agreed at Cabinet on the 26th July 2011.

9.15 The New Homes Bonus Grant allocation for 2012/13 has been announced as £4.4m. This includes the second year payment of the first instalment (£2.5m) and the first year payment of the second instalment (£1.9m). As previously described in paragraph 7.12, an amount of funding will be top sliced from the Formula Grant each year in order to meet the New Homes Bonus Grant allocations due to each local authority.

9.16 The New Homes Bonus will be held in an earmarked reserve until allocations are made. This will mean funding is available across financial years to support the strategic planning and the allocation of future resources. The table below summarises the current projected income and commitments against the New Homes Bonus.

Table 9: New Homes Bonus

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Income						
2011/12	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
2012/13		(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
2013/14 (forecast)			(1.9)	(1.9)	(1.9)	(1.9)
2014/15 (forecast)				(1.9)	(1.9)	(1.9)
2015/16 (forecast)					(1.9)	(1.9)
2016/17 (forecast)						(1.9)
Total forecast income	**(2.5)**	**(4.4)**	**(6.3)**	**(8.2)**	**(10.1)**	**(12.0)**
Commitments						
Broadband	0.8	0.8	0.8			
Vulnerable People	0.5					
HCA Assets		2.7	2.7	2.7	2.7	2.7
Total Commitments	**1.3**	**3.5**	**3.5**	**2.7**	**2.7**	**2.7**
Un-committed funding	**(1.2)**	**(0.9)**	**(2.8)**	**(5.5)**	**(7.4)**	**(9.3)**

Tax Increment Financing

9.17 The Government has also announced that as part of the Local Government Resource review it is considering allowing local authorities to borrow against future business rate income. This is known as tax increment financing. A change in legislation, as part of the Local Government Finance Bill, will be required to implement tax increment financing. When the details of the proposals are available, the Council will consider how this could benefit Milton Keynes.

10. Summary of Available Resources

10.1 The total resources forecast to be available over the medium term are shown in Table 10.

Table 10: Summary of Available Resources over MTFP Period

Funding	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Resources from previous years	(197.203)	(192.328)	(185.419)	(177.393)
Reductions in Government Funding	4.436	7.982	6.781	4.244
Change in Specific grants	1.127	2.149	2.045	1.419
Council Tax Freeze Grant	2.300	0	2.300	0
Local Support for Council Tax Grant	(12.133)	0	0	0
LSCT Reduction in Council Tax Collected on behalf of MKC and Town/ Parishes	14.800	0	0	0
LSCT Additional Council Tax by implementing LSCT Policy	(2.667)	0	0	0
Council Tax Increase [assumed 2.25%]	(1.872)	(2.081)	(1.933)	(1.974)
Growth in Council Tax Base	(1.116)	(1.141)	(1.167)	(1.220)
Total Resources Available*	**(192.328)**	**(185.419)**	**(177.393)**	**(174.924)**
Total funding (increase)/reduction in year	4.875	6.909	8.026	2.469

* Including Parish Precepts

10.2 The resources forecast in Table 10, do not take into account any changes in resources that might arise as highlighted in the “Other Resources” section 9 of this report.

GENERAL FUND EXPENDITURE

11. Corporate and Service Issues

11.1 This section sets out some of the emerging corporate and service pressures that will need to be addressed over the MTFP period. The detailed budget build process is currently underway, which may raise some additional issues. But the following pressures have been identified to date as a result of significant demographic, economic and legislative issues:

- A projected 40% increase in over 75 year olds over the next 5 years, resulting in a forecast 8% pressure in adult social care services.
- Energy costs which continue to rise well above current rates of inflation.
- The population of children and young people aged 0 – 19 years is anticipated to increase by 16% over the next 10 years at 1,000 a year. This increase in pupils and children in Milton Keynes will impact across all areas of Children’s Services; from the number of school places that are required to the number of children placed in care.
- Additional demand for bed and breakfast provision, as a result of temporary migration, to meet homelessness duties.
- From April 2013 the Council must automatically enrol certain members of the workforce into the pension scheme (including staff aged between 22 and state pension age, and those earning above £7,475). As their

employer the Council will need to make a contribution to their pension, which could lead to increases in the cost of the workforce. The likely impact of this change is currently being calculated.

11.2 Table 11 outlines the on-going pressures identified so far, which have been included in the indicative MTFP forecast in Table 15.

Table 11: Budget Pressures

Pressures Category	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Corporate Budget Pressures (inc. debt financing)	2.362	2.308	3.147	2.896
Demography	2.991	2.597	2.310	2.284
Legislative Change	0.948	0.449	0.373	0.120
General	1.817	0.316	0.010	0.010
Member Driven	0.555	0.146	0	0
Spend to Save	0.715	0	0.036	0
Grant Reduction	0.791	0.020	0	0
Total On-Going Pressures	**10.179**	**5.836**	**5.876**	**5.310**

11.3 It is likely that additional pressures will be identified as financial years progress, either as a result of changing population needs, unanticipated issues or legislative change. The pressures included in this detailed position are also still subject to challenge through the detailed budget process, so some of the items included, particularly in the early years of the forecast may reduce, while additional items are likely to be identified in future years.

Sustainability Items

11.4 The Council's budget principles require provision for future liabilities. There are three key issues which require future financial provision. In order to smooth the future impact of these known liabilities, these items are being built into the revenue budget on an incremental basis in advance of when costs will be incurred. This means funding will be available in the base budget position when required, but these items will be used on a one-off basis in the interim to fund one-off pressures. These items have been treated as follows:

11.5 **Pension Fund Contributions –** The Pension Fund is administered by Buckinghamshire County Council. On a national level, the Government entered into a programme of reform of all public sector pension schemes. Agreement has been reached between the Local Government Association and trade unions on the core parameters of a revised scheme which will be introduced in April 2014, with regulations being in place by April 2013.

11.6 The setting of regulations in March 2013 will enable the Actuary to undertake its next triennial valuation taking these into consideration. This revaluation will form the basis for updating pension costs for the three years commencing 2014/15. In recognition of a potential increase in the pension fund liability particularly as a result of investment market uncertainty, an increase of 1% of pay costs has been included in the base budget for all future years. Beyond that the contributions currently being consulted on should reduce employers' contributions. Again, when the position is clarified the MTFP position will be updated.

11.7 **Residual Waste Treatment Project –** The Council is developing a project to address residual waste treatment needs, which will be funded by prudential borrowing. Until such time that the final costs are confirmed, an increase of £0.5m will be included each year to 2014/15, with an additional increase of £0.880m in 2015/16 and 2016/17. This funding position ensures sufficient resources are in place to fund the baseline model.

11.8 The tendering process for this project will conclude in the next couple of months. Once the likely price is known these budget allocations will be reviewed.

11.9 **Revenue Contributions to Capital Outlay (RCCO) –** In order to address the long term repair and maintenance issues surrounding the Council's asset base, the base budget includes an additional amount of £1m each year until 2014/15 for a revenue contribution to capital. This funding is proposed to enable the Council to fund prudential borrowing to address its infrastructure replacement issues. Contributions of an additional £0.220m are included in 2015/16 and 2016/17, in line with the long-term strategy for infrastructure. The programme of works to use this funding is proposed elsewhere on this Cabinet agenda.

11.10 Providing for these future liabilities is sound financial management and ensures that we are anticipating our future funding demands and making sustainable provision in our budget planning forecasts. The major benefit is that the Council smoothes the introduction of these new liabilities into the base budget in advance of their occurrence, whilst allowing the resources to be either held on the balance sheet to further manage the impact of the change or to be used as a resource to fund one-off expenditure pressures.

11.11 The development of a 15 year view of capital investment needs (see Annex 1a), may identify a requirement to set aside additional resources for future investment. This will be confirmed once the review has progressed further.

Job Evaluation and Pay and Award Projects

11.12 Outlined in the Workforce Development Strategy, which was approved by Cabinet on 26th January 2010, were the proposed changes to Pay and Reward with the introduction of the Job Evaluation Project.

11.13 The project is part way through implementation with a likely completion date in April 2013. Although the expectation is that ultimately the impact of the Job Evaluation Project on the pay bill will be broadly neutral, there are likely to be some transitional costs. To ensure a prudent financial position is maintained, some one-off costs have been identified and included in the Budget for 2013/14 as the potential transitional costs of this change.

11.14 The Project Board continues to meet on a regular basis to ensure that the project is progressing in a satisfactory manner and to discuss and resolve any issues or problems that arise.

One-off Budget Pressures

11.15 In line with the agreed financial principles, the Council's one-off costs are separately identified when developing the detailed Budget and MTFP. One-off budget pressures are funded from one-off resources, to ensure that a sustainable financial position is maintained.

11.16 The Sustainability items (see paragraphs 11.4 to 11.11), being created to fund items in future years are available to be used to meet one-off pressures in the financial years before they are required. For future years, one-off resources will be from specific reserves if a review shows they are no longer required, underspends in the previous financial year or from surpluses on the Collection Fund. These are all items which cannot be forecast at this time.

11.17 The current forecast one-off position is as follows:

Table 12: One-off pressures and funding

One-off position (cash)	**2013/14 £m**	**2014/15 £m**	**2015/16 £m**	**2016/17 £m**
One-off pressures	2.651	0.964	0.112	0.047
One-off savings	(712)	0.035	0.020	0.200
Total one-off pressures	**1.969**	**0.999**	**0.132**	**0.247**

One-off resources	**2013/14 £**	**2014/15 £**	**2015/16 £**	**2016/17 £**
Sustainability items				
Waste	(1.000)	(1.000)		
Pensions	(1.414)			
RCCO	(3.000)			
Total one off resources	**(5.414)**	**(1.000)**		
Net one-off resources	**(3.445)**	**(1.000)**	**0.132**	**0.247**

12. Budget Savings

12.1 The reduction in Government funding and the increasing pressures for the Council mean that proposals need to be identified to either reduce costs or to increase income. Managers throughout the Council are continuing to work to identify detailed options for savings in accordance with the approach outlined in paragraph 2.3. As these options develop the medium term position will be revised.

12.2 The detailed budget process is currently partially completed. The budget challenge processes for each service have yet to take place. This process is likely to identify further opportunities for savings. In addition, there are a number of major projects which will deliver savings, but these have yet to be included in the financial position, as the level and timing of savings are currently uncertain.

12.3 Table 13 outlines the savings identified so far, which have been included in the indicative MTFP forecast (as shown in Table 15).

Table 13: Budget Savings

Savings Category	**2013/14 £m**	**2014/15 £m**	**2015/16 £m**	**2016/17 £m**
Commissioning and Efficiency	(2.565)	(0.108)	(0.006)	0
Charges to Service Users	(0.631)	(0.338)	0.100	0
Service Re-design	(2.440)	(1.083)	(0.642)	0
Alternative Funding	(0.200)	0	0	0
Service Reduction	(0.671)	(0.216)	0.125	0
Total Savings	**(6.507)**	**(1.745)**	**(0.423)**	**0**

12.4 The impact on the full time equivalent numbers across the Council has yet to be confirmed, since a number of the savings proposals are still being scoped and evaluated. Any proposals which result in potential changes for employees, will be subject to consultation with employees and trade unions.

13. Indicative Budget Forecasts 2013/14 to 2016/17

Budget Planning Assumptions

13.1 The Council's financial planning assumptions have also been revised since the November report and are shown in Table 14:

Table 14: Revised Budget Assumptions

	2013/14	2014/15	2015/16	2016/17
General Inflation	0%	2.00%	2.00%	2.00%
General Pay Inflation	1.00%	1.00%	2.50%	2.50%
Increment Costs	1.00%	1.00%	1.00%	1.00%
Council Tax Base Increase	(1,000)	(1,000)	(1,000)	(1,000)
Fees and Charges	2.80%	2.00%	2.00%	2.00%

13.2 The general inflation assumption for 2013/14 has been reduced from 2.8% to nil, on the assumption that any increasing costs will be contained within existing budgets and/or through more efficient spending. Future years inflation is based on the Government projections of CPI inflation. This will be kept under review to ensure planning assumptions remain adequate.

13.3 The pay inflation for 2013/14 and 2014/15 reflects the announcement for a public sector pay freeze for two years.

13.4 Contracts have been inflated based on the specified inflation indices within each individual contract. Additional negotiation has taken place with contractors to determine how these cost increases can be reduced. This negotiation and retendering of contracts is part of the Council's strategy for cost reduction and will continue over the medium term.

13.5 Contractual negotiation with care providers is a particular financial risk for the Council. The Council has to be mindful of the costs incurred by providers and the potential sustainability of provision when negotiating inflationary increases.

13.6 For medium term planning purposes, the assumptions regarding the level of growth in the Tax Base has been based on MKC Observatory figures, moderated for known changes in developments and the risk of further recession and delays to growth.

13.7 The planning assumptions are that Fees and Charges will increase in line with general inflation assumptions. The 2013/14 fees and charges increase is based on the inflationary pressures being experienced by the Council, originally estimated at 3%. However, the Council will continue to identify opportunities to maximise income from this area to help sustain the overall budget position.

13.8 Table 15 outlines the indicative MTFP Forecast 2013/14 to 2016/17 resulting from the issues highlighted in this report.

Table 15: Indicative MTFP Forecast

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Total Resources Available (Table 10)	**(192.328)**	**(185.419)**	**(177.393)**	**(174.924)**
Estimated Expenditure brought forward from previous years	197.167	205.797	200.193	195.644
Less savings from previous year	0	(13.469)	(14.774)	(18.251)
Revised Expenditure	**197.167**	**192.328**	**185.419**	**177.393**
Pay Inflation	1.406	1.431	2.547	2.636
Contractual Inflation	2.572	2.585	2.405	1.673
Goods & Services Inflation	(0.217)	0.002	0.211	0.301
Income Changes	1.197	(0.244)	(0.391)	(0.151)
Total Inflation and Income	*4.958*	*3.774*	*4.772*	*4.459*
Corporate Budget Pressures	2.362	2.308	3.147	2.896
Demography	2.991	2.597	2.310	2.284
Legislative Change	0.948	0.449	0.373	0.120
General	1.817	0.316	0.010	0.010
Member Driven	0.555	0.146	0	0
Spend to Save	0.715	0	0.036	0
Grant Reduction	0.791	0.020	0	0
One-off pressures	1.969	0.999	0.132	0.247
Total Pressures	*12.148*	*6.835*	*6.008*	*5.557*
Total Budget Increases	***17.106***	***10.609***	***10.780***	***10.016***
Commissioning and Efficiency	(2.565)	(0.108)	(0.006)	0
Charges to Service Users	(0.631)	(0.338)	0.100	0
Service Re-design	(2.440)	(1.083)	(0.642)	0
Alternative Funding	(0.200)	0	0	0
Service Reduction	(0.671)	(0.216)	0.125	0
Less one-off funding for one-off pressures	(1.969)	(0.999)	(0.132)	(0.247)
Total Budget Reductions	***(8.466)***	***(2.744)***	***(0.555)***	***(0.247)***
Total Estimated Expenditure	**205.797**	**200.193**	**195.644**	**187.162**
Annual Funding Gap	13.469	14.774	18.251	12.238
Cumulative Funding Gap	13.469	28.243	46.494	58.732

13.9 In general this medium term financial projection reflects a decrease in Government funding (offset in part by additional Council Tax), together with unavoidable increases in expenditure as a result of inflation and demographic pressures. This combination is generating medium- term financial challenges for the Council.

13.10 It should be noted that future year’s pressures and savings outlined in this summary position have not yet been validated and will be updated as the future year’s detailed budget planning progresses.

ADDRESSING THE FUNDING GAP

14. Proposed Strategy to Bridge the Funding Gap

14.1 Table 15 shows that the Council has a forecast budget shortfall for the next four years as follows:

2013/14	£13.469m
2014/15	£14.774m
2015/16	£18.251m
2016/17	£12.238m

14.2 The detailed budget savings process is currently ongoing, so the first stage in addressing the funding gap will be to challenge all budget pressures highlighted in the current position. This is likely to result in a reduction in pressures, with some issues being assessed as being one-off while services are adapted, while others can be managed with the risks being noted accordingly. This process is also likely to identify additional pressures in future years, increasing the medium term gap.

14.3 The Council has identified £22.1m of savings in 2011/12 and £14.1m of savings in 2012/13, so new savings will become increasingly difficult to identify and deliver. For this reason it is essential the Council is aware of and implementing strategies to reduce costs across the medium term. This allows the planning and implementation time to ensure that savings are sustainable and deliverable and that the changes to services required are well managed.

14.4 While proposals are being developed to begin to address the full medium term position, the focus in to achieve a two year balanced budget proposal, with some process in the two future years. This will ensure services have an adequate planning horizon and allow the potential benefits from the Localisation of Business Rates to become clearer.

14.5 The Council is a complex and diverse organisation, so while a core strategy for delivering the overall budget position has been identified, this will mean different approaches and outcomes for different services.

14.6 The approach being taken to develop proposals which will meet the budget gap, is as follows:

- The new procurement processes are enabling a focus on large contracts to identify opportunities for cost reduction or re-scoping of services and ensuring a competitive process is followed to obtain the best price. These processes also ensure competition through a streamlined process at lower levels.
- All services are being asked to identify opportunities for efficiency, whether through more e-enabled services, better internal processes or reviewing the activities currently being undertaken to ensure that all resources are being used as effectively as possible. All new appointments are subject to challenge to ensure the post is required.
- As a major contract in the Council’s cost base, the relationship with Mouchel continues to be improved, to increase efficiency and drive shared savings. This includes considering the most appropriate boundaries and roles between the Council and Mouchel staff.

- Income generation is a significant opportunity for the Council. Statutory charging services are ensuring that charges are appropriate and cover costs, while discretionary services are considering their charging compared to the market rate. This includes considering whether it is cost effective or necessary for the Council to continue to run these services.
- There are a number of areas of the Council that will undergo major transformation or progress new and innovative approaches as part of the Organisational Transformation Programme (OTP), some of these workstreams are still identifying the potential to reduce costs as a result of this activity. As progress is made these schemes are expected to make a significant impact to cost reduction.
- Some services could be delivered more efficiently by others, whether Parish or Town Councils, voluntary organisations or private sector providers. As part of the OTP a programme was begun to enable community asset transfer. The success of this approach will inform future transfers to ensure the most appropriate organisations run services.
- Finally all services are being asked to identify areas where services could be changed, or reduced in line with the Council priorities, as set out in the Corporate Plan. The scale and duration of the funding reductions are unprecedented; services cannot simply be stretched to meet the funding reductions over the medium term. The potential choices and the impact of these choices will be identified to inform member decision making.

14.7 The detailed budget process is currently ongoing which will allow these issues to be discussed with individual service groups, to enable further savings and cost reductions to be identified.

14.8 It is likely that the timing of savings will not precisely match the funding gaps currently being projected. There may also be additional one-off costs to implement the transformation required. The intention is to use the one-off resources currently unallocated (see Table 12) to manage a two year savings strategy. Providing that ongoing savings (or reductions in pressures) have been identified over the two years, the phasing can then be managed to ensure deliverable and practical savings solutions can be implemented. This will require a much greater focus on the accuracy of the 2014/15 projection alongside 2013/14.

CAPITAL PROGRAMME 2013/14 TO 2016/17

15. Financial Principles

15.1 The Cabinet has previously agreed a number of underlying key principles upon which the Capital Programme would be developed in the future. These are summarised below:

- Emerging pressures are managed within existing cash limits - new capital schemes are not added in year, unless there is an explicit decision to re-prioritise the capital programme removing schemes if necessary. All schemes in the Capital Programme must be fully funded.
- Spending is aligned to Key Priorities - capital schemes will be prioritised based on information arising from Asset Management Plan work.
- Income is only included in budget where supported by robust proposals and is deliverable - capital schemes relying on funding from external parties will

only be given spend approval when funding is in place. Capital receipts will only be allocated once received.

- Future Liabilities are anticipated - The need to maintain the Council's assets is recognised and given priority within the capital programme. The Council is developing a long-term investment strategy to outline how future asset needs can be funded. This will ensure the financial impact of known future liabilities are adequately managed.
- Budgets are sustainable - Council budgets recognise that sales of assets alone are not a sustainable method of funding the capital programme over the medium term. The Council therefore needs to build into its budget revenue contributions to capital outlay and also take the opportunity to secure one-off sources to build up asset replacement reserves.
- Base Budget / One-off expenditure/ Capital expenditure are distinguished.
- Capital schemes: Allocation of resources is separate from expenditure approval.
- Capital and revenue planning needs to be integrated to ensure implications are fully anticipated.
- The use of specific grant funding does not lead to revenue budget pressures - where grant funding is made available to schemes there needs to be an explicit assessment of risk. In particular, on complex schemes where grant funding is fixed, the Council needs to recognise it would have to wholly fund any overspend.
- Reduce our dependency on Reserves to balance the Budget - funding from slippage creates significant risks around the capital programme, particularly where resources are constrained and future programmes are likely to diminish. For this reason slippage will not be used to fund schemes. A more prudent approach of funding schemes only when the specific resources allocated to the schemes have been identified and secured.

16. Overall Capital Strategy

16.1 The Council is developing its long-term asset management strategy, which will allocate resources based on the priorities set out in the Corporate Plan (which includes the need to maintain current assets), and take into consideration the infrastructure investment needs to drive growth identified in the Local Investment Plan (LIP)

16.2 In May the Council published its first high level strategic LIP for consultation. This document set out the infrastructure investment required in Milton Keynes to continue to promote growth and address its impact. The detailed schemes required over the long-term to address growth, will continue to be developed alongside the Council's long-term asset management programme. A draft detailed LIP will be published in November alongside the Council's Capital Programme and long term asset management programme, with a final version being published in February alongside the Budget, Capital Programme and MTFP.

16.3 Over the last three years the Council has improved its framework for the planning and management of its capital programme and long term investment needs. This enabled a 15 year plan of future investment requirements to be published for the first time in February 2012.

16.4 In 2010/11 the council identified the future liabilities created by the ageing infrastructure in Milton Keynes and began to develop provision for the replacement and repair of this infrastructure, identifying £4m of revenue funding to meet prudential borrowing costs by 2014/15. A programme of works to address the infrastructure requirements in highways and transport, using this funding is elsewhere on the Cabinet agenda. This is a major step forward in ensuring future liabilities are being planned for and addressed. Work is currently ongoing to extend this approach to the remainder of the Council's General Fund assets and to the Housing Revenue Account.

16.5 The Council will continue to develop its strategic approach to capital planning alongside and based on detailed Asset Management Plans (AMPs) to ensure that the strategic investment needs of the Council, together with the ongoing maintenance demands of the assets are being addressed. This approach to capital planning will require resources to be used flexibly across service groups, this may mean varying the previous assumptions of a 10% top slice from schools and transport funding to fund projects elsewhere in the Council. Decisions on the future prioritization of resources will be made in the context of a clear plan of investment needs, alongside the ongoing maintenance of the assets. This may result in allocations which are different from the Government Department guidelines for spending. This detailed planning work is currently ongoing.

16.6 The Council agrees a four-year rolling capital programme each February. The items included in the programme must provide value for money by delivering outputs that best match the Council's priorities set out in the Corporate Plan and meeting statutory requirements such as the provision of school places and health and safety regulations.

16.7 The revenue implications of capital projects are identified through the project appraisal process, and fed into the Council's revenue assumptions in the Medium Term Financial Plan to ensure that all revenue implications are taken into account.

16.8 Value for money is sought through:

- Efficient procurement of facilities through competitive processes and partnership working. These are well-established at Milton Keynes, and are addressed in the Procurement Strategy.
- Scrutiny of the project business case to ensure that outcomes from the scheme contribute directly to the Council's aims.
- Pre-project planning with identification of defined and measurable benefits, along with a post-project benefits review.

16.9 The improved management process for capital projects ensures that managers define the outputs and benefits from their schemes as part of the development of the project. There is careful scrutiny of possible projects at the appraisal stage, and they are prioritised according to the extent to which the outcomes they promise to deliver match the priorities of the Council.

16.10 Where funding in a particular year is not sufficient to meet the needs of all the bids, schemes are prioritised, with some schemes needing to be postponed until funding is available, and other non-essential schemes being excluded from the programme.

17. Capital Resources

17.1 Due to the size and scale of capital investment requirements, the majority of funding for the capital programme comes from Government support. This is either through the provision of capital grants or historically through borrowing approvals. A reduction in Government funding therefore impacts on the level of capital expenditure Milton Keynes Council can afford.

17.2 The following sources of capital finance are available:

- Single capital pot - a single allocation, together with specific individual Government Department guidelines as to how it should be allocated.
- Unsupported/ Prudential Borrowing – powers under the Prudential Code allow local authorities to borrow money to finance capital projects so long as the impact on revenue budget is affordable. The revenue impacts of prudential borrowing must be built into the revenue budget each year. Overall borrowing decisions are made at a strategic level in accordance with the Prudential Code under the Council's Treasury Management Strategy. The option of issuing a bond as an alternative way of financing is also being explored, but this would still be prudential borrowing.
- Growth-related grant and developer contributions – used to support expansion of the borough either as a result of specific grants or through the use of s106 agreements with developers. The purpose of s106 agreements is to provide for infrastructure needs made necessary by new development. In Milton Keynes this also includes funds allocated from the Tariff currently administered by the Homes and Communities Agency. The Tariff arrangements may be superseded by the new Community Infrastructure Levy in some areas. The implementation of the Community Infrastructure Levy will also result in changes to the S106 funding regime.
- Capital Receipts - resources generated by the sale of land or assets. Milton Keynes Council policy is that General Fund capital receipts are not allocated or committed prior to receipt unless inextricably linked to a specific project.
- Government Grants - these resources often come with a high degree of ring-fencing or specified purpose requirements attached to the funding, although some are not ring-fenced.
- Third Party Contributions - other funds provided by third parties, normally to supplement Council contributions from its other resources.
- Revenue Contributions - direct financing of capital expenditure from revenue resources.

Changes to Capital Resources

17.3 The changes to the Housing Finance Regime from April 2012 (as set out in section 20 of this report) give the Council greater flexibility in its future housing funding. A review of stock condition is currently being carried out to inform the future housing investment needs and further development of a long term Housing Business Plan, which will include consideration of housing regeneration needs. The detailed housing budget identifies resources available for future maintenance and investment, as a revenue contribution. The use of this funding will be based on the asset management plan and the stock condition survey, currently being undertaken.

17.4 The Department for Education has asked Sebastian James to undertake a review of education capital funding. The recommendations from this review have been published. The main messages were as follows:

- There should be a clear and agreed goal for capital expenditure in England; to create enough fit for purpose school places to meet the needs of every child.
- New buildings should be based on clear, standardised drawings and should be delivered by a single, strong, expert intelligent client. This means the Department for Education may deliver not money but a building to meet local needs.
- Responsible bodies should be accountable for the maintenance of the facilities they own and manage.

17.5 It is not clear how the Government will change capital funding for education, but these recommendations would create considerable changes to both responsibilities and funding for local authorities. DfE recently announced it would be commissioning a central school condition survey on all schools in England to assess their asset management needs. This would indicate that school capital funding may be more centrally driven and linked to an assessment of need; however no further detail is currently available. The Department for Education has so far only announced funding for 2012/13.

Forecast Capital Resources

17.6 The general economic circumstances discussed earlier affect expected capital resources in two ways. Constraints on government spending have resulted in significant reductions in Government funding. In addition, the economic slowdown has reduced the rate of growth in the borough's population. This reduces the level of developer contributions.

17.7 The following assumptions have been used to assess the resources available for the Medium Term Capital Programme:

- Estimates for Children and Families and Adult Social care based on 2012/13 allocations have been used for the medium term.
- Transport funding is based on the confirmed allocations for 2013/14 and 2014/15.
- Housing resources for future years have been assumed as £16.5m for 2013/14, £17.4m for 2015/16 and £18.350m in 2016/17 based on the revenue contributions in the current HRA Business Plan. The detailed use of this funding is being considered based on asset management needs. This will determine the level of ongoing improvement works to individual properties compared to major renovation, refurbishment or replacement works. These future allocations are dependent on the rent increase, debt financing and other costs for each year.
- Capital Receipts are based on the latest forecast from Property Services and are currently applied to the Strategic Allocation Pot. These receipts are based on a prudent forecast, but do not include any estimate of the receipts potentially possible from future assets being purchased from the Homes and Communities Agency. The first call on capital receipts from the HCA assets will be the repayment of prudential borrowing costs.
- Tariff and developer contributions have been applied to specific projects.

- Prudential borrowing is assumed to fund the Residual Waste Treatment Plant and the Highways Infrastructure investment, and will be funded through the budget increases included in the Sustainability items.
- Housing Right to Buy Receipts – the Council has recently signed up to a DCLG scheme which will allow the previously pooled share of Right to Buy receipts to be retained by the Council, to make a 30% contribution to the costs of delivering new housing schemes. If resources are not spent in a three year time period the receipts will need to be returned along with interest of 4% above the base rate. If the HRA has insufficient resources to fund the cost of delivering additional Council housing, funding can be allocated to registered housing providers.
- The use of these receipts will need to be carefully managed to ensure they can support Council house building wherever possible, and to ensure penalties are not incurred.
- The purchase of Homes and Community Agency Assets (still to be confirmed) is assumed to be financed through prudential borrowing. The funding for this arrangement is through a contribution of New Homes Bonus and future capital receipts.

17.8 These assumptions generate the following resources for the medium term:

Table 16: Forecast Capital Resources

	2013/14 £m	**2014/15 £m**	**2015/16 £m**	**2016/17 £m**	**Total £m**
Capital Receipts	1.220	0.220	0.220	0.220	1.880
SCE (R)	0.316	0.220	0.220	0.220	0.976
Single Capital Pot	44.453	19.256	19.257	19.257	102.223
Other Grants	3.820	1.332	0.372	0.372	5.896
Prudential Borrowing	0.577	14.006	9.006	133.956	157.545
RCCO	16.524	15.424	18.350	18.350	68.648
Developer Contributions	4.071	6.227	0.188	0.435	10.921
Tariff	7.742	6.660	8.504	22.432	45.338
Third Party Contributions	0.134	0.160	0.100	0.000	0.394
Total Capital Resources	**78.857**	**63.505**	**56.217**	**195.242**	**393.821**

17.9 Both in total and at the individual resource level these are at best prudent estimates of future resources, but may be subject to change. As any changes are identified, these will be reflected in future Medium Term Financial Plans.

17.10 Work is ongoing to incorporate S106 funding and projects into the capital programme to ensure that all the available funding is allocated and its use is transparently identified.

18. Capital Expenditure

18.1 The detailed process to refresh the Medium Term Capital Programme is currently ongoing, so the forecast expenditure requirements in Table 16 reflect the Medium Term Capital Programme published in February, with some adjustments.

18.2 The detailed position will be updated and challenged before the draft Medium Term Capital Programme is published in November. Similarly the long-term investment plan (Annex 1a) has been updated for major changes to the Highways and Transport Infrastructure programme, and a few other changes where schemes will be funded by developers, but this programme will be fully refreshed and reviewed alongside funding for publication in November.

18.3 Table 17 gives an overview of the indicative capital expenditure programme.

Table 17: Forecast Milton Keynes Council Capital Expenditure

	2013/14 £m	**2014/15 £m**	**2015/16 £m**	**2016/17 £m**	**Total £m**
Children and Families	25.111	31.897	20.119	28.875	106.002
Highways and Transportation	11.341	15.880	15.605	17.550	60.376
Housing - HRA	16.524	15.424	18.350	18.350	68.648
Housing : General Fund	0.269	0.269	0.269	0.599	1.406
Adult Social Care	0.472	0.472	0.472	0.472	1.888
Neighbourhood Services	1.011	0.803	0.200	132.450	134.464
Resources	0.706	0.000	0.000	0.300	1.006
Planning, Economy and Development	1.524	1.016	0.000	0.000	2.540
Community Facilities Unit	2.860	2.400	0.000	7.885	13.145
Total Capital Expenditure	**59.818**	**68.161**	**55.015**	**206.481**	**389.475**

Summary Capital Programme

18.4 Table 18 shows a summary of the capital funding position over the MTFP period and the resources allocated in the Capital Programme.

Table 18: Indicative Capital Expenditure over MTFP Period

	2013/14 £m	**2014/15 £m**	**2015/16 £m**	**2016/17 £m**	**Total £m**
Total Capital Resources (Table 16)	78.857	63.505	56.217	195.242	393.821
Total Capital Expenditure (Table 17)	59.818	68.161	55.015	206.481	389.475
Net position **Cumulative position**	**(19.039)** **(19.039)**	**4.656** **(14.383)**	**(1.202)** **(15.585)**	**11.239** **(4.346)**	**(4.346)**

18.5 This shows that the Council's current expenditure needs can be met over the medium term through the re-phasing of schemes, as sufficient resources are available in 2013/14 to be carried forward for future years. However, this position is dependent on the re-examination of asset management requirements, which is currently ongoing and confirmation of future income. This also depends on the flexibility of uncommitted resources, as some capital funding is ring-fenced.

18.6 There are also a number of major schemes where the costs of the scheme and the timing of expenditure are unknown. It is likely that the combination of additional short-term pressures and new major schemes will mean that capital resources will need to be prioritised over the medium term.

18.7 The current Housing HRA programme is known to need additional investment in the medium term in order to address major asset management needs. However, an alternative funding solution will need to be identified as the HRA is unable to borrow above the debt cap.

19. Tariff and Assets Purchased From the HCA

19.1 The Council is currently negotiating with the Homes and Communities Agency (HCA) and the Department for Communities and Local Government (DCLG) to purchase £32.0m of assets and to take on the management of the Tariff and the associated risks.

19.2 The Tariff is a £311m forward funding model for infrastructure (both local and strategic) in Milton Keynes. The investment in infrastructure is recovered from future developer contributions. The scale of capital investment and the duration of the model mean that there are a number of risks surrounding the operation of the Tariff.

19.3 This MTFP update does not include the detailed financial implications of this negotiation as formal Treasury approval has yet to be granted. These details will be incorporated into future Medium Term Financial Plans and the Council's planning and management arrangements as they develop.

HOUSING REVENUE ACCOUNT

20. Overview

20.1 From 1st April 2012, the Housing Revenue Account has been operating under the self-financing arrangements. This essentially means that the Housing Revenue Account took on £172m of debt and the costs of financing that debt, in return for buying itself out of the housing subsidy programme. Milton Keynes had previously received a negative subsidy (i.e. it had to make a contribution to the national pool).

20.2 The main difference for the Housing Revenue Account under self –financing, is that the only income available to the fund is from rents and other charges. This funding must be used to pay the debt financing costs and to maintain the houses (and other assets) for tenants. It is therefore important to consider the long-term position for the Housing Revenue Account to ensure it remains sustainable.

20.3 Work is currently ongoing to complete a more detailed review of the stock condition to inform the refresh of the Asset Management Plan. This information will support decisions on future asset management, including the identification of properties where it may be better to carry out major renovation or refurbishment works, rather than to continue with ongoing repairs and maintenance.

20.4 While work is currently underway on planning major regeneration works, which will affect the HRA, the financial implications of these changes are not yet known. However, there will clearly be a significant cost to this work. The financial projection for the Housing Revenue Account currently earmarks resources available as revenue contributions to the Capital Programme. The detailed use of these receipts whether for replacement and refurbishment of assets in general or for major works, whether regeneration or renovation is still being developed. This level of resource assumes that the debt level remains at the current level. This resource will be allocated to individual schemes once the detail of individual schemes is confirmed.

20.5 The HRA must plan and maintain service delivery and other priorities within the resources available.

20.6 The key financial issues for the HRA are:

Income:

- Future rent increases
- Other income assumptions
- Summary of total income available

Expenditure:

- Key expenditure assumptions
- Asset Management needs
- Debt financing
- Total expenditure profile

Balances and Reserves for the HRA

Summary position for the HRA

21. HRA Forecast Resources

Future Rent Increases

21.1 Under self financing, Target Rents will no longer be published by the Government, with determination of rent a decision of the Council. However, the debt settlement figure assumes that rent is set in line with the Rent Restructuring guidance and that convergence takes place by March 2016. This guidance assumed that rents would be increased at a rate of RPI plus 0.5%.

21.2 This is an important assumption under self financing, as rent and other income are the only long-term income resources for the HRA. Any reduction in rent levels below that assumed under Rent Restructuring will reduce the capacity for the HRA to fund investment in housing stock.

21.3 A draft Income Policy for the HRA is currently being developed and will be subject to consultation. The proposed rent levels set out in this MTFP may change as a result of this policy.

21.4 The national welfare reform changes are currently a risk to some of the income in the HRA. Under the current arrangements the rent for those people in receipt of Housing Benefit was paid directly to the Council, under the Government proposals for welfare reform this income will be paid directly to the resident, to then make payment of rent. This means income which was previously guaranteed to the HRA may now not be collected. In addition the general reduction in benefits through welfare reform, will reduce the income available to some tenants, which may increase the risk of non payment.

21.5 The HRA currently budgets to collect 93% of all rental income, although the collection of dwelling rents is higher at 97.2%. Due to the increased risks in relation to income collection, the budgeted level of collection for all rental income in 2013/14 has been reduced from 93% to 92%.

21.6 The financial plan currently assumes the following levels for rent based on the government's rent restructuring guidance which requires rents to move towards Target rent:

Table 19: Proposed Rent Levels 2013/14 – 2016/17

Year	Average Increase for Tenanted Stock %	Average Weekly Rent (Tenants) £	Increase in Average Weekly Rent £	Rent Increase for Shared Owners %
2013/14	4.90%	£85.43	£3.99	4.00%
2014/15	4.82%	£89.54	£4.11	4.90%
2015/16	4.81%	£93.85	£4.31	4.82%
2016/17	3.40%	£97.04	£3.19	4.81%

21.7 After 2016/17 rent is assumed to increase in line with forecast RPI (currently assumed to be 3%) plus 0.5%, which is consistent with rent restructuring guidance.

Other Income Assumptions

21.8 In line with general Medium Term Financial Planning assumptions income has been assumed to increase as follows:

Table 20: Key Income Assumptions

	2013/14	2014/15	2015/16	2016/17
Fees and Charges	2.8%	2.00%	2.00%	2.00%

21.9 The discounts available under the Right to Buy scheme have recently been increased. While this has resulted in an increased level of enquiries, the rate of Right to Buy sales has not increased. However, this will need to be kept under review.

21.10 Income levels assume a loss of rent due to Right to Buy sales estimated at 36 per year and in year void levels of around 0.65% to reflect current performance.

22. Key Expenditure Assumptions

22.1 The Council's financial planning assumptions have also been used to produce the financial plan. The key expenditure assumptions are as follows:

Table 21: Key Expenditure Assumptions

	2013/14	**2014/15**	**2015/16**	**2016/17**
General Inflation	0%	2.00%	2.00%	2.00%
General Pay Inflation	1.00%	1.00%	2.50%	2.50%
Increment Costs	1.00%	1.00%	1.00%	1.00%
Fees and Charges	2.80%	2.00%	2.00%	2.00%

22.2 The general inflation assumption for 2013/14 has been reduced from 2.8% to nil, on the assumption that any increasing costs will be contained within existing budgets and/or through more efficient spending. Future year's inflation is based on the Government projections of CPI inflation. This will be kept under review to ensure planning assumptions remain adequate.

22.3 The other main assumptions affecting expenditure within the budget are as follows:

- Repairs and Maintenance – No inflation has been included in relation to the major repairs and maintenance contract as an efficiency has been negotiated with the contractor for 2012/13 and 2013/14. This will save £0.070m in 2013/14.

- An increase of £0.100m in the provision for bad debts on rental income is assumed due to the increased risks in relation to rental income collection.
- Debt Financing Costs – costs of additional funding taken under self financing plus the cost of existing HRA borrowing. The Council's decision to incorporate HRA debt with the total Council debt means that this rate may change in the future (see section 24 on debt financing); this presents a risk to the HRA. As a result it is recommended that an earmarked reserve is developed to ensure that changes in the debt cost can be financed in future years.
- Depreciation and Capital Investment – under the Subsidy system the Council put £8m into a Major Repairs Reserve to be spent on major capital works. Under self financing the Major Repairs Reserve has been replaced by a local assessment of capital spending needs. This will be the value of depreciation the Council will in future need to set aside.

  Depreciation will be calculated under new CIPFA guidelines which have yet to be released. The new approach will require the major components of the stock (i.e. kitchens, bathrooms, roofs etc) to be valued and depreciated based on their useful life. This is a prudent approach as it ensures sufficient resources will be available for the replacement of the relevant components. However, it means that the cost of depreciation is likely to increase compared to the 2012/13 forecast which simply considers depreciation based on total asset value and asset life.

  Work is ongoing to collect information on the cost and useful lives of the components to inform the depreciation calculation. The current estimate is based on current headline component data as an indication, but this will change as work is completed.

- Impairment of assets – under the Self-financing regime the impairment costs (that is when an asset value reduces) are a real cost to the HRA, and must be funded from rents in the year they occur. This could result in a major increase in rents in a particular year. This is a considerable additional risk to the HRA, as impairment costs have previously not impacted on HRA balances. To mitigate this risk in the short-term the self-financing regulations allowed for the first 10 years of asset value increases to be charged to an impairment reserve to protect against future losses.

  The current economic position means that asset values are unlikely to increase significantly over the medium-term to create provision in the impairment reserve, so it would be prudent for the HRA to contribute to the earmarked reserve while the current economic forecast suggests there is a risk of potential impairment. It is suggested that £0.250m per year is contributed to the earmarked reserve to mitigate against this risk.

23. Asset Management

23.1 In practice this means that Councils must plan the way that they manage their assets. Ensuring that assets are maintained to a standard that enables them to continue to generate rent income is a key element of the self-financing HRA. The current business plan profile for asset management need has been derived locally from conditions surveys and the records held on housing stock showing implementation of Decent Homes and known risk factors.

23.2 Detailed work on the long-term asset management and debt strategy is still ongoing. The current forecast maintenance and investment costs as a result of the asset management planning are set out in the Business Plan.

23.3 Assessment of asset management need identified a number of asset types where there is a disproportionate need for spend. These asset types need a strategic review to consider options for repair and/or replacement. These more detailed reviews are ongoing. The areas subject to a strategic review are:

- sheltered housing schemes;
- assets in likely regeneration areas; and
- rural stock.

23.4 Work is also progressing on an area basis, to consider the best means of renovating, renewing or replacing the current assets in the HRA, where it is not economic for the Council to continue with a programme of ongoing repairs and maintenance. These properties are also often expensive for tenants in terms of heating and lighting costs. Work is beginning to develop detailed business cases around substantial investment work for the HRA. The capital resources included in the long-term asset management programme (Annex 1a) may be reallocated as a result of this work.

24. Debt Financing

24.1 Having considered the guidance from both CIPFA and Sector (the Council's Treasury Advisors) the Council chose to incorporate the HRA debt into the Council's overall borrowing portfolio, creating a single pool and charging interest to the funds in proportion to the debt held by each. This has the advantage of spreading the risk, particularly around refinancing of debt, across the Council and minimises the impact to the HRA of any unknown fluctuations in either expenditure or interest rates. The uncertainty in terms of HRA asset management planning also mean the HRA would be been carrying significant cost of carry risks, as an individual repayment profile could not be determined.

24.2 The cost of borrowing for the HRA is currently at 4.1% based on the current loans pool rate. However, this rate is variable and if the Council takes on additional debt (see Treasury management section 27) the cost to the HRA may increase. The current projected debt cost is included in the HRA Business Plan, based on current projected future debt costs.

24.3 The HRA Business Plan currently assumes that debt for the HRA is not repaid. Therefore identifying the resources available for investment. However, this means that the Council will bear a risk of needing to refinance the debt in future years, alongside the other borrowing undertaken on behalf of the Council.

24.4 The Council's treasury management strategy addresses the management of borrowing and the relative refinancing risk. While the projections for the medium-term show interest rates remain low, this risk is relatively low. If the projections in the Business Plan are being used to finance a long-term replacement programme, some allowance for additional future borrowing costs as a result of refinancing should be incorporated.

25. Balances and Reserves for the HRA

25.1 As part of the HRA budget setting processes, the risks in the HRA are reassessed to determine a prudent minimum level. This level has been assessed at £4.1m for 2012/13. This will be reviewed before setting the 2013/14 Budget and rent level.

25.2 The self-financing settlement introduced a debt cap for the HRA, meaning that the Council cannot take on additional borrowing to fund capital expenditure. This is a key difference to the management of capital projects in the Council's capital programme. This means the total impact of any overspends on capital projects would need to be met by the HRA in a single financial year. In light of the potential major development work planned in the HRA for the medium term, this is a significant risk. The Community Energy Saving Project (CESP) showed that the potential costs of major works could increase substantially as exploratory work takes place.

25.3 In reviewing the potential financial risks to the HRA a number of issues have been identified, where it would be prudent to begin to develop some earmarked provision. It is therefore recommended that the following earmarked HRA reserves are created, with contributions in 2012/13 either if resources allow and with ongoing budgeted contributions as part of the HRA Business Plan.

Table 22: Recommended Earmarked Reserves for the HRA

Reserve	*Reason*	*Contribution (per year) £m*
Impairment Reserve	To allow the potential costs of an impairment to fixed assets to be phased over a number of years, to prevent a major rent increase.	0.250
Debt refinancing reserve	To phase the costs of any significant increases in debt financing costs	0.100
Major project costs	To provide for major variations in the costs of capital schemes, as additional borrowing cannot be undertaken.	0.500
Total annual contributions to earmarked reserves		**0.850**

26. Summary Position

26.1 The forecast income and expenditure for the Housing Revenue Account, taking the income and expenditure assumptions into consideration, is detailed in Annex 1b and summarised in Table 23.

Table 23: Summary of Housing Revenue Account

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Income	(59.479)	(62.129)	(65.347)	(65.471)
Expenditure	60.319	62.129	65.103	65.227
Net in-year (Surplus) / Deficit	**840**	**0**	**(0.243)**	**(0.243)**
Reserve b/fwd	(4.939)	(4.100)	(4.100)	(4.343)
Reserve c/fwd	(4.100)	(4.100)	(4.343)	(4.586)

26.2 The plan has been designed to project a sustainable position for the Housing Revenue Account, given that the balances are not allowed to fall below a minimum balance of £4.1m.

27. Treasury Management

27.1 The Council's Treasury Management Strategy provides the framework within which authority is delegated to the Corporate Director Resources, to make decisions on the management of the Council's debt and the investment of surplus funds. The Council is authorised to borrow on a long-term basis to finance capital expenditure and short-term to deal with cash flow fluctuations pending the receipt of revenues.

27.2 The detailed Treasury Management Strategy and Policy is updated on an annual basis alongside the Budget Report.

27.3 The Council's Investment Strategy outlines the investment priorities:

- **Security** – protecting funds by managing the credit risk associated with investment decisions.
- **Liquidity** – the ability to fulfil spending obligations and maintain service delivery.
- **Yield** – achieve optimum returns on investments, consummate to the Council's appetite to risk.

27.4 The Council have appointed Sector as its Treasury Advisor and they provide strategic advice to the Council as well as daily updates on a range of market and credit information.

27.5 The Council maintains a lending list which is regularly updated using credit ratings and other information. Limits are placed on the levels and maturity profile of deposits made with individual institutions.

27.6 The Prudential Code for Capital Finance incorporates a number of indicators which are designed to ensure that:

- Capital programmes are affordable.
- External borrowing and other long-term liabilities are within prudent and sustainable levels.
- Treasury Management decisions are taken in line with professional good practice.

27.7 Table 24 shows the medium term borrowing forecast requirements against the expected level of external debt held.

Table 24: Borrowing Requirement and External Debt

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Borrowing Requirement				
Opening Capital Financing Requirement	560.4	561.4	577.1	589.9
Major Projects:				
Residual Waste Project (timing to be confirmed based on tenders)	0.0	0.0	0.0	125.0
Infrastructure Investment	0.0	14.0	9.0	9.0
Other net financing requirements	1.0	1.7	3.8	-10.1
Closing Capital Financing Requirement	**561.4**	**577.1**	**589.9**	**713.9**
External Debt Position				
Opening External Debt	443.6	445.6	475.6	504.4
New Borrowing	20.0	50.0	30.0	135.0
Scheduled Repayments	-18.0	-20.0	-11.2	0.0
Closing External Debt Position	**445.6**	**475.6**	**504.4**	**639.4**

27.8 The timing of external borrowing is a treasury management decision dependent on expenditure forecasts, cash-flow resources and market conditions, and is not directly associated with any particular items of expenditure (in line with legislation).

27.9 The difference between the Capital Financing Requirement and External Debt position is referred to as ‘internal borrowing’ – the funding of capital financing needs through the use of temporary cash-flow resources in lieu of external borrowing. This strategy is prudent in the current economic climate as counterparty risk is high and investment returns are low.

27.10 The Council is planning to borrow to fund a number of major investments:

- The purchase of assets from the Homes and Communities Agency will potentially be funded through additional borrowing. The current estimate is that the cost of the scheme will be £32.0m in December 2012/13. The short-term costs of borrowing will be funded through the New Homes Bonus. In future years capital receipts will be used to reduce the need for borrowing and ensure the Council continues to meet its requirements under the prudential borrowing framework.
- The Council is implementing a project to develop a Residual Waste Treatment Facility; the current estimate is that the facility will cost £125m in 2016/17 and will be funded through prudential borrowing. The current Medium Term Financial Plan is creating a budget to meet these costs through its Sustainability Items. As the project develops the costs and timing of payments will be confirmed.

- The Council is considering an investment in Highways Infrastructure funded through prudential borrowing. The current Medium Term Financial Plan is creating a budget to meet these costs through its Sustainability Items. The proposal to use this funding is elsewhere on this Cabinet agenda.

27.11 In addition to these major schemes the Council undertakes borrowing to fund its Capital Programme. The majority of Government capital funding for the medium term is expected to be through capital grants rather than supported borrowing, which reduces the requirement to borrow.

27.12 The net resources position set out in Table 18 shows that the Council's current expenditure needs can be met over the medium term through the re-phasing of schemes.

28. Risks

28.1 A critical element of the MTFP is to ensure that the financial consequences of risk are adequately reflected in the Council's finances. All of the main risks that face the Council are considered in order to assess the likelihood of the risk happening and the potential financial implications.

General Fund

28.2 The most significant financial risks are:-

28.3 Pay award settlements exceed the provision in the MTFP.

Action: National feedback is used to inform the pay projections within the MTFP and provision for future pay awards has been included. These assumptions will be reviewed in future years.

28.4 Rising costs of social care provision.

Action: The Council will continue to improve its contracting and commissioning arrangements for Children's and Adult Social Care to reduce costs. The Council will continue to raise the need for a national solution to the long-term sustainability issue for social care.

28.5 Impact of Job Evaluation on the pay bill across the Council exceeds the provision in the MTFP.

Action: To ensure a prudent financial position is maintained, some one-off costs have been identified and included in the 2013/14 Budget as the potential transitional costs of this change. Modelling and negotiation have yet to be completed, but resources will be considered as part of the final solution and the MTFP impact updated accordingly.

28.6 Planned savings or cost reductions are not achieved or are delayed.

Action: The General Fund Reserve has been increased by £1.5m as part of the 2012/13 Budget. This will allow some flexibility over the timing of the savings being fully realised. Management action to monitor and deliver the planned savings or cost reductions includes highlighting issues early to ensure appropriate in year action can be taken. The delivery risk in relation to future pressures and savings will continue to be assessed, and used to inform the requirement for future reserves.

28.7 The Council fails to address the future anticipated funding shortfalls.

Action: OTP activity is progressing and contracts are being continually reviewed and renegotiated to reduce costs. The Council has a good record of identifying and delivering budget savings. CLT will continue to drive service redesign and efficiency to ensure the Council remains in a strong financial position.

28.8 Uncertainty around grant levels beyond 2012/13 and the impact of the Local Government Resource Review.

Action: Prudent forecasts of reduced Government funding and specific grants have been included in the MTFP, which will be updated as further information is known.

28.9 Uncertainty regarding the future of Government Funding for public health budgets which are scheduled to transfer from the NHS with effect from April 2013.

Action: Strand 3 of the Organisational Transformation Programme includes the development of a shadow Health and Well-Being Board and will enable the Council to work with the Primary Care Trust to resolve the future management of Community Health Services and the transfer of Public Health Services.

28.10 A local policy is not implemented to mitigate the Tax Base increase caused by the changes to Local Council Tax Support. This will result in a reduction in income of £2.7m above the level included in the MTFP.

Action: A local Council Tax Support Scheme is currently being developed for consultation. The implications of the proposed changes are been identified and the potential financial consequences of not implementing sufficient measures in the local scheme have been highlighted.

28.11 Inflationary increases may exceed the provision in the MTFP.

Action: Provision has been included within the MTFP and is shown in Table 11. This will be regularly reviewed to ensure it remains a prudent forecast.

Housing Revenue Account

28.12 The most significant financial risk is:

28.13 A reduction in rental income due to the changes to welfare reform.

Action: The HRA Business Plan as reduced the forecast rental income by 1% to allow for the potential loss in funding due to this change. The impact of changes will be closely monitored and the impact on the Business Plan will be considered before any long-term investment decisions are made.

Capital

28.14 The most significant financial risks are:-

28.15 The cost of work required to repair and maintain the Council's infrastructure assets exceeds the funding provision available.

Action: Annual provision for Revenue Contributions to Capital Outlay (RCCO) has been included to support additional capital investment in the medium term. The Council is also developing a better view of its long term requirements to better inform this strategy.

28.16 The statutory requirement for the Council to provide school places exceeds the funding available to meet this provision.

Action: The Council will continue to develop its modelling of future school place requirements and use this to lobby DfE for additional funding to meet statutory requirements.

28.17 The final cost of an alternative solution for the Residual Waste Treatment Project exceeds the provision in the MTFP.

Action: Budgets will continue to be increased for the duration of the MTFP or until the costs of the residual waste project are confirmed. The cost of the project is based on a detailed model for a facility; this will be developed based on final contract price. Affordability is a major consideration as part of the tender evaluation.

28.18 Consequences of significant variations to planned expenditure against the capital programme. Variations can arise for many reasons including tenders coming in over budget, changes to specifications and slippage or acceleration of project phasing. There is also the possibility of needing to provide for urgent or unplanned capital works.

Action: This is mitigated through formal monthly monitoring and management of schemes in the programme, and a requirement that spending commitments should not be entered into without confirmation that resources are available.

28.19 The Council will continue to identify and manage major risks as part of its budget monitoring process. These will also be considered alongside the development of detailed budget proposals to ensure the potential financial consequences of risks are considered.

Initial Assessment of Long Term Asset Investment Needs

Scheme Title	Funding	2013/14	2014/15	2015/16	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Children & Families																
WCP New Chapter Primary School																
WCP Langland Primary School																
WCP Falconhurst Primary																
Proposed Brooklands Farm Primary School Extension		1,023,000	91,000													
Middleton Primary School 1FOE		1,139,000	100,000													
West Bletchley Review (Rickley)																
Proposed St Pauls 2FOE		100,000														
CMK Secondary Additional 4FOE		456,000	8,318,000	4,252,000	552,000											
Pupil Specific Works		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Client team costs		220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Capital Maintenance Programme		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
School Security Programme		75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Walnuts Fourndation - Additional Facilities																
Priory Rise 1FOE	Basic Need	1,550,000	876,000	98,000												
Oakgrove Primary School	6m S106	3,604,000	1,848,000	251,000												
Western Expansion Area Primary 1 (3FE)	1.34m Tariff	4,574,000	2,359,000	343,000												
Eastern Expansion Primary 2	1.76 Tariff	4,574,000	2,359,000	343,000												
Newton Leys Primary	3.987m S106	3,604,000	1,848,000	251,000												
Shepherdswell IPP		164,000														
Heelands IPP		215,000														
St Andrews IPP		20,000														
Loughton Manor IPP		700,000														
Stantonbury Campus MKC Contribution to wider scheme for extra 2FE	S106															
EEA Secondary Phase 1	8.52m Tariff	793,000	10,959,000	5,586,000	701,000											
Western Expansion Area Primary 2	1.46m Tariff		353,000	4,747,000	2,440,000	346,000										
EEA Secondary Phase 2	10.55m Tariff			485,000	6,577,000	3,354,000	423,000									
Western Expansion Area Primary 3	4.41m Tariff			362,000	4,871,000	2,498,000	348,000									
Western Expansion Area Secondary Phase 1	7.9m Tariff			806,000	11,139,000	5,672,000	703,000									
CMK Secondary 4FE Expansion	Basic Need					100,000	348,000	8,410,000	4,116,000	433,000						
Non Schools Educational Properties		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
CMK Primary Provision	Basic Need					145,000	4,425,000	2,239,000	188,000							
Western Expansion Area Secondary Phase 2	Basic Need					322,000	9,218,000	5,168,000	444,000							
2 or 3 Primary Schools in Strategic Reserve Area	Tariff/Basic Need					9,000,000										
2 or 3 Primary Schools in Strategic Reserve Area	Tariff/Basic Need					9,000,000										
2 or 3 Primary Schools in Strategic Reserve Area	Tariff/Basic Need					9,000,000										
Strategic Reserve Area Secondary	S106/Basic Need							20,000,000								
Western Expansion Area Primary 4	4.41m Tariff					145,000	4,425,000	2,239,000	188,000							
Total Children and Families		**25,111,000**	**31,706,000**	**20,119,000**	**28,875,000**	**42,177,000**	**22,485,000**	**40,651,000**	**7,531,000**	**3,028,000**	**2,595,000**	**2,595,000**	**2,595,000**	**2,595,000**	**2,595,000**	**2,595,000**
Highways & Transportation																
Wellbeing Roads & Footways		300,000	0													
Infrastructure Investment	Borrowing/ LTP	4,566,319	12,877,740	12,602,740	12,622,740	12,652,740	12,637,740	11,811,250	11,401,250	11,311,250	11,546,250	10,419,280	8,353,000	8,353,000	7,943,000	5,863,000
Street Lighting	LTP	308,109	310,555	310,555	310,555	310,555	310,555									
Upgrading/Strengthening Bridges & Structual	LTP	1,144,520														
Carriageway Resurfacing/Upgrading	LTP	1,502,579														
Footway Reconstruction	LTP	264,120														
Highways Drainage Works	LTP	220,100														
Street Management	LTP	748,340	842,136	842,136	842,136	842,136	842,136	842,136	842,136	842,136	842,136	842,136	842,136	842,136	842,136	842,136
Street safety	LTP	220,100	266,190	266,190	266,190	266,190	266,190	266,190	266,190	266,190	266,190	266,190	266,190	266,190	266,190	266,190
Safer Journeys to School	LTP	446,362	465,832	465,832	465,832	465,832	465,832	465,832	465,832	465,832	465,832	465,832	465,832	465,832	465,832	465,832
Cycling and Pedestrian Facilities	LTP	330,150	332,738	332,738	332,738	332,738	332,738	332,738	332,738	332,738	332,738	332,738	332,738	332,738	332,738	332,738
Passenger Transport	LTP	704,320	709,909	709,909	709,909	709,909	709,909	709,909	709,909	709,909	709,909	709,909	709,909	709,909	709,909	709,909
Better Bus Fund	grant	486,000														
Parking Bays Tinkers Bridge		100,000	75,000	75,000												
Midsummer Place Bus Station					2,000,000											
WEA Grid Road Extension										21,000,000						
Total Highways and Transportation		**11,341,019**	**15,880,100**	**15,605,100**	**17,550,100**	**15,580,100**	**15,565,100**	**14,428,055**	**14,018,055**	**34,928,055**	**14,163,055**	**13,036,085**	**10,969,805**	**10,969,805**	**10,559,805**	**8,479,805**
Housing and Community Group: Housing HRA																
Asbestos Management	RCCO	634,705	634,705	634,705	634,705	634,705	634,705	634,705	634,705	634,705	634,705	634,705	634,705	634,705	634,705	634,705
Disabled Adaptations	RCCO	709,741	709,741	709,741	709,741	709,741	709,741	709,741	709,741	709,741	709,741	709,741	709,741	709,741	709,741	709,741
Windows Upgrades	RCCO	2,648,039	2,648,039	2,648,039	2,648,039	2,648,039	2,648,039	2,648,039	2,648,039	2,648,039	2,648,039	2,648,039	2,648,039	2,648,039	2,648,039	2,648,039
Domestic Heating Installations	RCCO	6,500,000	6,500,000	5,426,390	5,426,390	5,426,390	5,426,390	5,426,390	5,426,390	5,426,390	5,426,390	5,426,390	5,426,390	5,426,390	5,426,390	5,426,390

Scheme Title	Funding	2013/14	2014/15	2015/16	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Elemental Improvements	RCCO	972,255	972,255	972,255	972,255	972,255	972,255	972,255	972,255	972,255	972,255	972,255	972,255	972,255	972,255	972,255
HRA Housing (Major rennovation, rebuild or refurbishment)	RCCO		2,000,000	4,000,000	4,000,000											
Renewables Fund	RCCO	902,691	902,691	902,691	902,691											
New Build Programme	RCCO	2,100,000	1,000,000	1,000,000	1,000,000											
Major Refurbishment Projects	RCCO	2,057,120	2,057,120	2,057,120	2,057,120	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000
Total Housing and Community Group: Housing HRA		**16,524,551**	**17,424,551**	**18,350,941**	**18,350,941**	**11,692,129**	**11,692,129**	**11,692,129**	**11,692,129**	**11,692,129**	**11,692,129**	**11,692,129**	**11,692,129**	**11,692,129**	**11,692,129**	**11,692,129**
Housing and Community Group: Housing																
Disabled Facilities Grants		269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100
Travellers Sites					330,000											
Total Housing and Community Group: Housing		**269,100**	**269,100**	**269,100**	**599,100**	**269,100**	**269,100**	**269,100**	**269,100**	**269,100**	**269,100**	**269,100**	**269,100**	**269,100**	**269,100**	**269,100**
Adult Social Care																
Disabled Facilities Grant	grant	372,000	372,000	372,000	372,000	372,000	372,000	372,000	372,000	372,000	372,000	372,000	372,000	372,000	372,000	372,000
Health & Safety in Social Care Buildings		35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Aids & Adaptations		65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Upgrading Central Heating at Tower Drive																
Total Adult Social Care		**472,000**	**472,000**	**472,000**	**472,000**	**472,000**	**472,000**	**472,000**	**472,000**	**472,000**	**472,000**	**472,000**	**472,000**	**472,000**	**472,000**	**472,000**
Neighbourhood Services																
Play Area Improvement Fund		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Bradwell Abbey					2,300,000											
Community Parking Fund				100,000												
Waste Depot	Waste infrastructure grant	580,000														
Waste Collection Depot					3,200,000											
Toilet Block Emberton Park	Borrowing subject Business Case				150,000											
25 Static Caravan Units Emberton	Business Case for Borrowing				200,000											
Newton Leys Country Park	S106 & Contractor		*													
Civic Amenity Site Wolverton		*														
Fuel Storage Bleakhall					50,000											
Fourth Civic Amenity Site	S106		500,000													
Footpath reconstruction		331,461	203,538													
Waste Treatment Wolverton	Prudential Borrowing				124,950,000											
Newton Blossomville Bridge					1,500,000											
Total Neighbourhood Services		**1,011,461**	**803,538**	**200,000**	**132,450,000**	**100,000**	**100,000**	**100,000**	**100,000**	**100,000**	**100,000**	**100,000**	**100,000**	**100,000**	**100,000**	**100,000**
Resources: Public Access																
Office Rationalisation					300,000											
Virtualisation	Part borrowing	656,912														
OTP		50,000														
Total Resources: Public Access		**706,912**	**0**	**0**	**300,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Planning, Economy & Development																
SF Broadband		1,524,000	1,016,000													
Total: Planning, Economy & Development		**1,524,000**	**1,016,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Housing and Community Group: Community Facilities Unit																
MK Bowl		1,150,000														
Woolstones Community Centre	SCE															
MK Museum Modernisation Phase 2																
Bradwell Windwill Refurbishment																
New Bradwell Community Centre		100,000														
Build a new CCTV Monitoring Room at the CMK Police Headquarters	LPSA1															
Broughton Pavillion	S106 £300k /Tariff £1.1m															
CMK Community Sports Facility. Construct new building to house community meeting space and sports facilities including ATP	S106															
Bowls and Cricket provision on the West of MK	S106															
Bletchley Leisure Centre Car Park Lift																
onniburrow project - baseball provision	S106 £387k, Insurance £372k															

Scheme Title	Funding	2013/14	2014/15	2015/16	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Tattenhoe District Park Pavilion & Drainage																
Wolverton Pool & Associated Facilities	GAF	1,539,821														
Kingston Library - Internal Fixtures and Fittings	Tariff + S106+ SCE	907,168														
Tattenhoe Park Community Sports Pavilion	1.9m Tariff	50,000			2,350,000											
Western Expansion Area Community House		60,000														
Giffard Park Community Centre		160,000														
Road Improvements, Brookside, Hodge Lea																
Brooklands Community Sports Pavilion (EEA Phase 2)	1.9m Tariff		2,400,000													
Western Expansion Area (Area 10) - Community Sports Pavilion	1.9m Tariff				1,200,000	1,200,000										
Western Expansion Area (Area 11) - Community Sports Pavilion	1.9m Tariff				2,400,000											
Downs Barn Pavilion							265,000									
Brownswood Sports Ground	S106						600,000									
Campbell Park Community Pavilion	S106				1,500,000											
Woolstones Sports Ground	S106 + other						600,000									
Manor Fields: Construct new access bridge	S106 + other						130,000									
Manor Fields:Extension to existing building	S106 + other						140,000									
Manor Fields: Levelling, draining of pitches and supporting facilities	S106 + other						75,000									
Future Expansion of MK Swimming Pool (West flank/ EEA)	Tariff/S106								7,000,000							
CMK Pool/Leisure	S106 + other								15,035,625							
Multi Pitch Football site	S106 + other						910,000									
Future Expansion of MK Playing fields and cricket pitch	S106 + other				435,000											
Community Sports Pavilion x 2 Strategic Reserve Area	Tariff/S106					5,000,000										
WEA Library	Tariff						1,460,000									
Westcroft Library	Tariff					1,000,000										
Newport Pagnell Library	S106	43,000														
Total Housing and Community: Community Facilities		**2,859,989**	**2,400,000**	**0**	**7,885,000**	**7,200,000**	**4,180,000**	**0**	**22,035,625**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Estimated Investment	Total				**206,482,141**	**77,490,329**	**54,763,329**	**67,612,284**	**56,117,909**	**50,489,284**	**29,291,284**	**28,164,314**	**26,098,034**	**26,098,034**	**25,688,034**	**23,608,034**

Potential other items (amounts or years not known)

Park and Ride	Canal
Station Square Phase 2	Replacement of Landscape Infrastructure
East West Rail	Standards/School Organisation Led Improvement
Traffic Management Road Safety	Capital Maintenance in Existing School Stock
Parking	Hazeley Leisure Centre
Transport Infrastructure	Tattenhoe Service
Public Access ICT	WEA New Cemetery

HRA DRAFT BUDGETS 2013/14+	2012/13 Budget £000's	2012/13 Forecast P3 £000's	DRAFT 2013/14 Budget £000's	DRAFT 2014/15 Budget £000's	DRAFT 2015/16 Budget £000's	DRAFT 2016/17 Budget £000's	Key assumptions:
INCOME							
Dwelling rents	(49,871)	(49,871)	(52,129)	(54,485)	(57,092)	(58,761)	FY1314+ assumes increases in line with rent restructuring = 4.90% FY1314 (Future years 4.82%, 4.81%, 3.40%).
Garage Rents	(944)	(944)	(940)	(988)	(1,041)	(1,041)	Linked to Main Housing Stock increase.
Commercial Rents	(812)	(812)	(812)	(812)	(812)	(812)	
Heating Charges	(491)	(491)	(615)	(645)	(676)	(676)	Linked to main rent increase - assumes restructuring of utility charges starts in 1314 generating extra £100k income
Leaseholders' Service Charges	(1,100)	(1,100)	(806)	(775)	(618)	(618)	Includes estimated income from recharge of Major Works (windows & other).
Services & Facilities-Service Charges	(110)	(110)	(114)	(119)	(124)	(124)	Linked to main rent increase
Services & Facilities-Other Charges	(448)	(448)	(457)	(468)	(478)	(478)	Account covers a range of recharges. Largest element is utilities (base budget £200k). Model here assumes Utilities costs for tenants remain linked to main rent increase & assumes no further de-pooling of utility charges
Contribution from depreciation to fund asset maintenance works in the	-	-	(3,479)	(3,691)	(4,359)	(2,814)	
Interest Receivable	(103)	(103)	(127)	(147)	(147)	(147)	
GROSS INCOME	**(53,879)**	**(53,879)**	**(59,479)**	**(62,129)**	**(65,347)**	**(65,471)**	
EXPENDITURE							
Repairs & Maintenance	10,526	10,526	10,513	10,554	10,609	10,678	
General Management	9,545	9,489	9,741	10,003	10,284	10,612	
Special Services	3,260	3,181	3,308	3,538	3,804	4,103	
Rents, Rates, Taxes & Other Charges	425	385	394	402	411	421	
HRA Subsidy Payable	-	-	-	-	-	-	
Housing Benefits Transfer	147	147	98	50	-	-	based on FY1516 convergence
Bad & Doubtful Debts	671	671	461	461	461	461	
Interest & repayment of Capital Debts	10,578	10,578	10,424	10,841	12,328	11,747	HRA pooled Interest Rates assumed are 4% for FY1314 (thereafter 4.16% 4.75% and 4.53%). No Principle Debt repayment assumed.
Depreciation and Impairment	4,670	4,670	8,005	8,005	8,005	8,005	Depreciation increases when moved to component accounting
Contribution to Earmarked Reserves			850	850	850	850	Contributions to earmarked reserves, as set out in the MTFP
RCCO Capital Investment	14,104	14,804	16,525	17,425	18,351	18,351	Estimated funds available for capital works
GROSS EXPENDITURE	**53,925**	**54,451**	**60,319**	**62,129**	**65,103**	**65,227**	
NET (SURPLUS)/DEFICIT FOR THE	**46**	**572**	**840**	**0**	**(243)**	**(243)**	
Uncommitted Reserve B/F	(5,511)	(5,511)	(4,939)	(4,100)	(4,100)	(4,343)	
UNCOMMITTED RESERVE C/F	**(5,465)**	**(4,939)**	**(4,100)**	**(4,100)**	**(4,343)**	**(4,586)**	

Wards Affected:
All Wards

ITEM **21**

CABINET

25 JULY 2012

REVENUE AND CAPITAL BUDGET MONITORING REPORT- TO END OF JUNE 2012

Author:

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Executive Summary:

This report advises Cabinet of the forecast outturn position for the General Fund; Housing Revenue Account (HRA) and Dedicated Schools Grant.

The General Fund revenue forecast outturn is an underspend of (£0.306m). Service Groups are currently forecasting an overspend of £0.116m while there is an underspend on Debt Financing (£0.422m).

The Dedicated Schools Grant is reporting a forecast overspend of £0.018m against budget.

The Housing Revenue Account is reporting a forecast in year overspend of £0.572m against a budgeted deficit of £0.046m. This will result in a HRA balance of £4.939m at 31 March 2013 against a budgeted HRA balance of £4.499m. The overall position for the year, including the balance brought forward from 2011/12, is an underspend of (£0.440m). The forecast position for HRA balance is (£0.839m) above the minimum prudent level.

The Capital Programme is forecasting an underspend of (£6.984m) against the latest spend approval. However this figure includes rephasing of £6.294m reported elsewhere on this agenda bringing the position to a net underspend of (£0.690m). One capital project is currently assessed as Red/Amber.

This report includes an update on Project Management activity for the first three months of the financial year. As a result of the review at Period 3 two revenue projects and one capital project are currently assessed as Red/Amber.

The workforce has seen a reduction of 26.46 full time equivalents positions from 1 April to 30 June 2012.

This report includes an update on Treasury Management activity and an update on the Council's write offs for the first three months of the financial year.

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1. **Recommendation(s)**

1.1 Cabinet is recommended to:

- Note the forecast outturn positions reported by Service Groups and the overall forecast General Fund revenue position is an underspend of (£0.306m);
- Note the expenditure to date, projected outturn for the 2012/13 capital programme.
- Note the Project Management position at the end of June 2012;
- Note the treasury activity during the first three months of the year.
- Note the amounts written off during the first three months of the year.
- Note the movement in the establishment reporting in year.

2. **Corporate Leadership Team (CLT) view on P3 Monitoring**

2.1 CLT are pleased with the initial forecast outturn position as it shows that the majority of the £13.6m savings incorporated in the 2012/13 budget are forecast, by budget managers, to be delivered during the financial year.

2.2 The update on the Establishment shows that the workforce has continued to decrease by 26.46 FTE during the first three months of the year, reflecting ongoing work to restructure teams to deliver savings agreed within the budget.

2.3 Efforts will continue to secure the implementation of the remaining savings and if any prove undeliverable (or other in-year pressures emerge) compensating additional savings will be found elsewhere.

3. **General Fund Revenue Outturn Monitor**

3.1 Table 1 below shows the forecast revenue outturn figures as at the end of June 2012 as being an underspend of (£0.306m) against the budget.

Table 1: Projected Outturn as at June 2012

	Budget £'000	Forecast Outturn £'000	Projected Variation £'000
Integrated Support & Social Care	30,975	30,984	9
Education, Effectiveness & Participation	33,514	33,606	92
Adult Social Care & Health	63,026	62,371	(655)
Housing & Community	2,306	2,637	331
Community Facilities Unit	12,124	12,218	94
Resources: Finance & Human Resources	9,511	9,461	(50)
Resources: Public Access	(326)	(308)	18
Environment & Waste	17,041	16,996	(45)
Neighbourhood Services	8,199	8,497	298

	Budget £'000	Forecast Outturn £'000	Projected Variation £'000
Regulatory unit	2,987	2,998	11
Highways and Transportation	18,063	18,107	44
Corporate Core	1,693	1,662	(31)
Planning, Economy & Development	2,100	2,100	0
Net Operating Expenditure	**201,213**	**201,329**	**116**
Debt Financing and Interest Charges	21,307	20,885	(422)
Levies	444	444	0
Sustainability Items	4,660	4,660	0
Corporate Savings & One-off Pressures	5,372	5,372	0
Asset Rentals	(33,222)	(33,222)	0
Projected outturn position	**199,774**	**199,468**	**(306)**
Formula Grant	(81,611)	(81,611)	0
Early Intervention Grant	(11,155)	(11,155)	0
Council Tax (including Freeze Grant)	(98,684)	(98,684)	0
Learning Disability Reform Grant	(3,307)	(3,307)	0
Other Reserves	(5,017)	(5,017)	0
Total Resources available	**(199,774)**	**(199,774)**	**0**
(Addition)/Reduction in General Fund	**0**	**(306)**	**(306)**

Main variations against revised budget at P3

3.2 Adult Social Care & Health Group shows an underspend of (£655k) against revised budget. This is due to activity and some cost levels being lower than anticipated in the budget build for 2012/13 for the following areas:

(a) Residential Care than expected in 2012/13 (£255k);

(b) Direct Payments for Physical Disability Services (£276k); and

(c) Spot nursing placements for the Frail Elderly (£131k).

3.3 Housing & Community Group shows an overspend of £331k against revised budget. Main factors leading to this are:

(a) Unbudgeted Bed & Breakfast (B & B) homelessness placements and administration costs projected to amount to £568k by end of this financial year, with some of this offset by recharges to clients, estimated at (£246k) and full draw down of (£100k) provision set aside at the end of last year for B&B demand; and.

(b) Net shortfall in income from Traveller sites, in particular Fenny Lock site which was cancelled £87k.

3.4 The Community Facilities unit is forecasting an overspend against revised budget of £94k mainly due to income shortfalls in Libraries £84k.

3.5 Neighbourhood Services is currently forecast and overspend of £298k against revised budget. Main variations include a pressures in Commercial Development of £300k which has been identified following an initial review of the Landscape budgets alongside last years outturn position. An action plan is being instigated and is estimated that this can be reduced by (£150k) with a degree of certainty; Neighbourhood Management has forecasted a shortfall in Adoptions income £118k, this is due to transferring less land than in previous years as a result of ongoing discussions between the Council and the HCA to buy the land in Milton Keynes.

Significant Revenue Variances

3.6 The areas forecasting significant variances at period 3 are outlined in **Annex A** while **Annex B** shows the position on savings and one-off pressures within the 2012/13 budget and budget rollovers from 2011/12.

Impact on General Fund Balances

3.7 If the forecast outturn set out in Table 1 remains unchanged to the end of the financial year, the General Fund balance will be:

Table 2: General Fund Balance 2012/13

	Forecast Outturn £'000
General Fund balance at 1st April 2012	**(8,796)**
Forecast underspend	(306)
Estimated General Fund Balance at 31st March 2013	**(9,102)**

Dedicated Schools Grant (DSG)

3.8 The Dedicated Schools Grants is forecasting an overspend of £18k against central expenditure and income. There are no significant variations to report at this stage of the year.

Housing Revenue Account (HRA)

3.9 HRA balance brought forward at March 2012 was (£966k) above the amount forecast to be brought forward within the budget agreed in February 2012. This is subject to the external audit of the 2011/12 accounts taking place at present, but was due to:

(a) Efficiencies arising from the Working Better Together Project (£190k),

(b) Debt charges being less than budgeted (£268k) and

(c) A reduction in the level of responsive repairs to the housing stock in the last few months of 2011/12 (£280k).

3.10 The in year HRA forecast is expected to be overspent by £526k. This is due to the Council decision to use £700k of the balance brought forward to fund agreed enhancement of HRA capital programme (see 21st Feb 2012 Council decisions - investments to be made towards following projects; Fuel Poverty £350k, Safer Homes £250k, Disabled adaptations £100k).

3.11 This is partially offset by (£174k) savings identified across staffing, office (resource centre) and communal stock budgets.

3.12 Taking both the higher than anticipated balance brought forward and the forecast in year overspend set out in 3.10 above, the projected HRA balance at March 2013 is forecast to be (£4,939k) compared to budget of (£4,499k). This continues to be above the Prudent Minimum HRA level set as part of the 2012/13 Budget process.

Table 3: HRA Outturn Summary

	2012/13 Budget £'000	Period 3 £'000	Variance £'000
Uncommitted reserve b/f	(4,545)	(5,511)	(966)
Net (surplus)/deficit in year	46	572	526
Uncommitted reserve c/f	**(4,499)**	**(4,939)**	**(440)**
Prudent Minimum HRA level	**(4,100)**		

4. Capital

4.1 This report monitors against spend approval of £80.200m. At the end of June the forecast outturn is £73.216m, an overall net underspend of (£6.984m) against the latest Spend Approval. However, this figure includes forecast rephasing of schemes into later years of £6.294m, bringing the position to a net underspend of (£0.690m).

4.2 The variation predominately relates to rephasing of projects in Education, Effectiveness and Participation and a number of relatively small underspends against various Service Groups, partially offset by overspends on projects in Highways and Transportation.

Table 4: Summary of capital expenditure forecasts as at 30th June 2012

Service Group	Latest Spend Approval	Forecast Spend as at 30/06/12	Variation Over /(under) Spend Approval
	£m	£m	£m
Resources :Public Access Group	12.680	12.628	(0.052)
Adult Social Care & Health Group	0.813	0.633	(0.180)
Housing and Community Group: Housing	22.567	22.567	0.000
Housing and Community Group: Regeneration and Community Safety	0.000	(0.077)	(0.077)
Community Facilities Unit	8.607	7.997	(0.610)
Children & Families: Integrated Support and Social Care Group	1.085	1.019	(0.066)
Children & Families: Education, Effectiveness and Participation Group	21.141	16.009	(5.132)
Planning, Economy & Development Group	0.339	0.339	0.000
Highways & Transportation Group	7.758	7.947	0.189
Neighbourhood Services Group	5.210	4.154	(1.056)
Total	**80.200**	**73.216**	**(6.984)**

4.3 **Annex C** shows the current forecast position on all schemes compared to spend approvals, which is the total spend approval assuming the recommendations shown in the Capital Programme Revisions Report elsewhere in this agenda are approved.

4.4 All schemes have been assessed by Project Managers with regard to their RAG Status in relation to the following key criteria, Time, Cost, Scope and Benefits:

- Green – All key criteria will be achieved. Risks are being managed
- Green/Amber – One of the key criteria cannot be delivered within tolerance; project risks are being managed
- Red/Amber – Two or three of the key criteria cannot be delivered within tolerance; risks need to be escalated.

- Red – All four key criteria cannot be delivered without further significant intervention (consider whether the project should continue). Risks need to be escalated.

4.5 At the end of period 3 the position on capital projects reported by Project Managers is:

Green	38
Green/Amber	15
Red/ Amber	1
Red	0

4.6 The one project assessed to be Red/Amber is Wolverton Station, as the project is currently forecasting an overspend of £175k. Negotiations are currently ongoing with the contractor

4.7 **Annex C** shows the main variations in forecasts against the capital programme.

5. **Corporate Projects**

5.1 Attached at **Annex D** is the Corporate Project Dashboard for the period to 30 June 2012.

Corporate Projects	**Red**	**Red/ Amber**	**Green/ Amber**	**Green**	**Closed**
All Projects	0	3	23	20	0
Percentage	0%	6%	50%	44%	0%

5.2 There are 46 projects/programmes on the Corporate Project Dashboard. The majority (94%) of projects are rated Green or Green/Amber. There are no Red projects. 3 projects (6%) are rated Red/Amber.

5.3 The projects rated as Red/Amber are set out below. The first two of these are revenue projects while the third is the capital project mentioned above:

- Core Strategy - Project is Red/Amber as there is still no sign of the Secretary of State revoking the Regional Spatial Strategy (RSS). Risk that Core Strategy may be found unsound.; and

- Strategic Asset Programme (Footway Major) - Red/Amber as spend approval is on hold as the panel requested a business case to be presented to the July Cabinet.

- Wolverton Station, as the project is currently forecasting an overspend of £175k. Negotiations are currently ongoing with the contractor (as in 4.6 above)

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6. **Establishment Reporting**

6.1 The total establishment at the end of June 2012 is 2,177.07 FTE, a reduction of 26.46 FTE since the base position was agreed in March 2012. This represents a reduction of 1.22%.The analysis of this movement is attached as **Annex E.**

7. **Treasury Management**

7.1 The Treasury Management update report is attached as **Annex F**. This covers the period to 30 June 2012.

8. **Write offs**

8.1 A summary of the amounts written off against various types of debt is attached as **Annex G**.

8.2 The write offs have already been actioned in line with the Financial Scheme of Delegation. No write offs require Cabinet approval at the end of the first quarter.

9. **Annexes to this Report**

ANNEX A	Analysis of revenue variances at period 3
ANNEX B	Budget Rollovers, One-off pressures and savings
ANNEX C	Capital Forecast at period 3
ANNEX D	Corporate Projects Dashboard
ANNEX E	Establishment movement at period 3
ANNEX F	Treasury Management report at period 3
ANNEX G	Summary of Write Offs to period 3

10. **Implications**

10.1 Policy

The recommendations of this report are consistent with the council's Medium Term Financial Plan.

10.2 Resources and Risk

Where risks are known they are listed in **Annex A**.

Capital implications are fully considered throughout the report. Revenue implications may arise from capital schemes in respect of:

a. Borrowing to fund capital expenditure (principal and interest);
b. Running costs associated with capital schemes, and;
c. Efficiency savings (e.g. reduced maintenance costs).

These are built into the Council's debt financing and other revenue budgets as appropriate through the Medium Term Planning process.

Y	Capital	Y	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	Y	Asset Management

10.3 Carbon and Energy Management

All capital schemes consider Carbon and energy Management implications at the capital appraisal stage before they are added to the capital programme. There are no further implications as a result of this report.

10.4 Legal

Legal implications may arise in relation to specific capital schemes or revenue projects. In particular a capital scheme or revenue project may be needed to meet a specific legal requirement. These implications are addressed in the individual project appraisals. There are no significant legal implications arising as a result of this report.

10.5 Other implications

All implications are outlined within the report.

Y	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder
N	Carbon and Energy Management				

Background Papers: 2012/13 Revenue Budget and Capital Programme as approved by Council in February 2012

CHILDREN AND FAMILIES (GF) – INTEGRATED SUPPORT AND SOCIAL CARE

SERVICE AREA	Budget				Projected Outturn £'000	Projected Variation £'000
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000		
Integrated Support	(1,611)	7,680	1,196	7,265	7,274	9
Social Care	(1,378)	22,883	2,205	23,710	23,710	0
TOTAL	**(2,989)**	**30,563**	**3,401**	**30,975**	**30,984**	**9**

Analysis of Significant Variations

Service Area	Movement against Period 2	Movement Against Budget	Movement in Exp against Budget	Movement in Income against Bud	Explanation of Variations
Children in Care (Social Care)	N/A	210	311	(110)	**Against Budget (Expenditure):** An increase in 6 in-house fostering placements resulting in an overspend of £194k; £110k in relation to the 16/17 year old housing provision offset by the drawdown.
					Against Budget (Income): Drawdown of £110k of the £150k one off pressure in the 12/13 budget build relating to 16/17 year old housing provision.
					Movement in Period: N/A
					Management Actions: This should result in a reduction in the external placements budget.
Children in Need (Social Care)	N/A	(65)	(65)	0	**Against Budget (Expenditure):** External residential placements (£100k) due to the reduction in the number of placements.
					Against Budget (Income): N/A
					Movement in Period: N/A
					Management Actions: N/A
Use of Reserve (Social Care)	N/A	(144)	0	(144)	**Against Budget (Expenditure):** N/A
					Against Budget (Income): (£144k) forecast to be drawn from the demand reserve to net off the current overspend in Children's Social Care.
					Movement in Period: N/A
					Management Actions: N/A

Significant Risks

1	**Social Care** There are ongoing pressures from 2011/12 which relate to an increase in numbers of children in care, largely internal fostering placements which are generally better value than external placements. The capacity to control or reduce the Social Care spend is related to the level of need and risk of children and young people in MK. There is a £620k Children and Families demand reserve available to fund any increase in children in care (CiC). At 31st May 2012 the number of CiC was 284.

CHILDREN AND FAMILIES (GF) – EDUCATION, EFFECTIVENESS AND PARTICIPATION

SERVICE AREA	Budget				Projected Outturn £'000	Projected Variation £'000
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000		
Schools Statutory and Regulatory	(10,324)	10,910	1,749	2,335	2,335	0
Universal Services	(5,344)	14,898	1,673	11,227	11,263	36
Partnership, Commissioning and Performance	(2,319)	22,894	(623)	19,952	20,008	56
TOTAL	**(17,987)**	**48,702**	**2,799**	**33,514**	**33,606**	**92**

Analysis of Significant Variations There are no significant variations to report at present.

Significant Risks There are no significant risks.

ADULT SOCIAL CARE AND HEALTH GROUP

SERVICE AREA	Budget				Projected	Projected
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000	Outturn £'000	Variation £'000
Directorate Management	**(15)**	**(33)**	**48**	**0**	**0**	**0**
AD Joint Commissioning	(47)	115	(67)	1	0	(1)
Commissioning and Contracts	(2,760)	10,777	1,504	9,521	9,542	21
ICES	(252)	433	2	183	247	64
Total Commissioning and Contracts	**(3,059)**	**11,325**	**1,439**	**9,705**	**9,789**	**84**
AD Adult Social Care	(100)	159	(132)	(72)	(75)	(3)
Mental Health	(62)	3,012	197	3,147	3,150	3
Learning Disability	(2,483)	19,684	1,255	18,455	18,200	(255)
Physical Disability	(811)	5,710	70	4,969	4,693	(276)
Older People	(10,326)	28,849	812	19,335	19,204	(131)
Other Adult Services	(12)	743	31	762	787	25
Community Alarm and Sheltered Housing	(810)	2,977	402	2,568	2,558	(10)
OP and PD Integrated Services	(90)	2,608	1,639	4,157	4,065	(92)
Total Adult Social Care	**(14,694)**	**63,742**	**4,274**	**53,321**	**52,582**	**(739)**
TOTAL	**(17,768)**	**75,034**	**5,761**	**63,026**	**62,371**	**(655)**

Analysis of Significant Variations

Service Area	Movement against Period 2	Movement Against Budget	Movement in Exp against Budget	Movement in Income against Budget	Explanation of Variations
Learning Disability Services (Adult Social Care)	N/A	(255)	319	(574)	**Against Budget (Expenditure):** Client pressures within Supported Living and Day Care offset by lower expenditure in Residential Care services. **Against Budget (Income):** Additional client income and Continuing Health Care income within Supported Living and Day Care services offset by lower income within Residential Care services. **Movement in Period:** N/A **Management Actions:** Realignment of budgets to better reflect service activity.
Physical Disability Services (Adult Social Care)	N/A	(276)	(379)	103	**Against Budget (Expenditure):** Actual increase in expenditure for Direct Payments is lower than anticipated within the budget (£268k). **Against Budget (Income):** Lower client income forecasts for

					Residential and Nursing Care £45k and External Support at Home £77k, partially offset by higher client income forecasts for Direct Payments (£19k).
					Movement in Period: N/A
					Management Actions: Review Direct payment forecast modelling.
Older People Services (Adult Social Care)	N/A	(131)	(638)	507	**Against Budget (Expenditure):** Elderly Mental Health largely due to pressures on spot residential and nursing placements £302k; Intermediate Care additional staff at Orchard House £294k (to be covered by funds from NHS Support for Social Care); Frail Elderly expected in respect of spot nursing placements, external homecare and direct payments (£1,108k); St Giles and Flowers House due to underspend on non-staff costs as the service transfers to Flowers House and a forecast underspend on equipment at Flowers House (£108k).
					Against Budget (Income): Frail Elderly overall net shortfall in client income largely in spot placements offset by additional income in block nursing placements £258k; St Giles / Flowers House shortfall in client income of £146k (to be covered by earmarked reserve); Internal Home Care shortfall in client income £86k.
					Movement in Period: N/A
					Management Actions: NHS Support for Social Care funding to be allocated to Orchard House and forecast amended accordingly.

Significant Risks There are no significant risks.

HOUSING AND COMMUNITY GROUP

SERVICE AREA	Budget				Projected	Projected
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000	Outturn £'000	Variation £'000
Housing General Fund Management	0	76	(76)	0	0	0
Strategy and Assets	0	102	25	127	131	4
Housing Access	(413)	985	301	873	1,095	222
Tenancy Services - PSH	(212)	574	181	543	653	110
Regeneration	0	377	27	404	403	(1)
Community Safety	(60)	267	152	359	355	(4)
TOTAL	**(685)**	**2,381**	**610**	**2,306**	**2,637**	**331**

Analysis of Significant Variations

Service Area	Movement against Period 2	Movement Against Budget	Movement in Exp against Budget	Movement in Income against Budget	Explanation of Variations
Housing Access – Homelessness and B&B	N/A	222	568	(346)	**Against Budget (Expenditure):** Unbudgeted B&B homelessness placements and administration costs projected at year end £568k. **Against Budget (Income):** Billing to clients is estimated to reach (£246k) above budget by year end and it is anticipated that the service will drawdown in full a (£100k) provision set aside at end last year for B&B pressures. **Movement in Period:** N/A **Management Actions:** The service is to transfer B&B billing operations to Sx3 Northgate housing system from SAP; this will allow increased effectiveness and management of billing, collection and debt reduction.
Tenancy Services – Private Sector Housing (PSH)	N/A	110	(11)	120	**Against Budget (Expenditure):** N/A **Against Budget (Income):** Rental income budgeted from creation of a travellers site at Fenny Lock - project has now been cancelled £94k. **Movement in Period:** N/A **Management Actions:** N/A

Significant Risks There are no significant risks.

COMMUNITY FACILITIES UNIT

SERVICE AREA	Budget				Projected	Projected
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000	Outturn £'000	Variation £'000
Group Management	0	93	(93)	0	0	0
Community Asset Transfers	0	49	2	51	51	0
Leisure and Community	(690)	5,991	439	5,740	5,736	(4)
Outdoor Education	0	72	29	101	101	0
Sports Development	(514)	1,581	115	1,182	1,192	10
Libraries Arts and Heritage	(728)	5,041	632	5,050	5,243	88
TOTAL	**(1,932)**	**12,827**	**1,124**	**12,124**	**12,323**	**94**

Analysis of Significant Variations

Service Area	Movement against Period 2	Movement Against Budget	Movement in Exp against Budget	Movement in Income against Budget	Explanation of Variations
Libraries Arts and Heritage	N/A	88	116	(28)	**Against Budget (Expenditure):** Additional grant funding confirmed after budget set £55k; Heritage – expenditure externally funded but not in budget, offset by income forecast £59k. **Against Budget (Income):** Library Service – shortfall in projected income £68k; Heritage – Additional grant funding confirmed after budget set (£59k). **Movement in Period:** N/A **Management Actions:** Arts – draw down from Strategic Restructuring Fund in progress; Library Service – expenditure savings required to offset reduction in income and staff restructure.

Significant Risks – There are no significant risks.

RESOURCES: FINANCE, HR & GOVERNANCE

SERVICE AREA	Budget				Projected	Projected
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000	Outturn £'000	Variation £'000

Resources Director	0	212	260	472	472	0
Ongoing pension	(506)	1,335	0	829	800	(29)
Strategic Finance	(131)	654	(521)	2	(11)	(13)
Partnership	(2,414)	26,503	(24,203)	(114)	(114)	0
Strategic HR	(131)	612	(1,371)	(890)	(839)	51
Law & Governance	(2,234)	1,903	345	13	6	(7)
Externally provided services	(2,160)	2,355	244	439	383	(56)
Democratic Services	(193)	2,266	925	2,998	2,990	(8)
AD Audit and Risk	0	103	(103)	0	0	0
Audit & Risk	(1,149)	1,888	(722)	17	30	13
Procurement	(835)	586	248	0	0	0
Non-Revenue & Benefits budgets	**(9,753)**	**38,417**	**(24,898)**	**3,766**	**3,717**	**(49)**
Discretionary Rate Relief	0	409	0	409	409	0
Housing Benefits & Council Tax	(116,625)	117,544	0	918	918	0
Revs and Benefits Administration	(3,294)	811	6,900	4,418	4,417	(1)
Revenue and Benefits	**(119,919)**	**118,764**	**6,900**	**5,745**	**5,744**	**(1)**
TOTAL	**(129,672)**	**157,181**	**(17,998)**	**9,511**	**9,461**	**(50)**

Analysis of Significant Variations

There are no significant variations to report at present.

Significant Risks – There are no significant risks

RESOURCES: PUBLIC ACCESS

SERVICE AREA	Budget				Projected	Projected
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000	Outturn £'000	Variation £'000
Public Access	(203)	363	(209)	(49)	176	225
Information Technology	(1,237)	2,439	(1,201)	1	44	43
Facilities and Admin Buildings	(807)	4,964	(4,430)	(273)	(603)	(330)
Sponsorship	(269)	146	73	(50)	(90)	(40)
Property	(148)	290	(172)	(30)	35	65
Corporate Property	(991)	1,064	2	75	130	55
TOTAL	**(3655)**	**9,266**	**(5,937)**	**(326)**	**(308)**	**18**

Analysis of Significant Variations

Service Area	Movement against Period 2	Movement Against Budget	Movement in Exp against Budget	Movement in Income against Budget	Explanation of Variations
Public Access	N/A	225	225	0	**Against Budget (Expenditure):** Project costs are higher than budgeted in order to keep the project moving forward £239k.
					Against Budget (Income): N/A
					Movement in Period: N/A
					Management Actions: Public Access Project – Funding to be applied for in line with spend; Review of the recharge to HRA to be undertaken as part of the budget build process.
IT	N/A	43	(74)	117	**Against Budget (Expenditure):** N/A
					Against Budget (Income): Lower recharges expected for printing, telephone and software £92k; Unrecoverable salaries against EGov4u as funding has now ceased £25k.
					Movement in Period: N/A
					Management Actions: Budgets require realignment, closing down of EGov4U project
Facilities and Admin Buildings	N/A	(330)	(269)	(61)	**Against Budget (Expenditure):** No contribution expected to Saxon Court dilapidation reserve since agreement to purchase the freehold (£200k); Reduced costs for Rents and Utilities (£112k).
					Against Budget (Income): N/A
					Movement in Period: N/A
					Management Actions: Hospitality business case to be implemented.

Significant Risks There are no significant risks

ENVIRONMENT & WASTE

SERVICE AREA	Budget				Projected	Projected
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000	Outturn £'000	Variation £'000
Waste Disposal	(1,244)	8,942	168	7,866	7,761	(105)
Waste Project	0	111	17	128	128	0
Open Space & Countryside	(301)	826	99	624	624	0
Refuse Collections	(377)	8,695	35	8,353	8,413	60
Projects	(90)	146	14	70	70	0
TOTAL	**(2,012)**	**18,720**	**333**	**17,041**	**16,996**	**(45)**

Analysis of Significant Variations

Service Area	Movement against Period 2	Movement Against Budget	Movement in Exp against Budget	Movement in Income against Budget	Explanation of Variations
Waste Disposal	N/A	(105)	(291)	186	**Against Budget (Expenditure):** Current tonnage projections have identified shortfalls in the Landfill budget of £137k but savings in the CRC and Hazardous Waste Contract of (£179k). **Against Budget (Income):** A pressure in MRF Income profit share has been identified due to fall in metal prices and loss of contracts £176k. **Movement in Period:** N/A **Management Actions:** An action to identify (£250k) is being developed to offset these pressures.

Significant Risks There are no significant risks

NEIGHBOURHOOD SERVICES

SERVICE AREA	Budget				Projected	Projected
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000	Outturn £'000	Variation £'000
Neighbourhood Services Management	0	878	(227)	651	651	0
Commercial Development	(16,997)	18,102	692	1,797	1,977	180
Neighbourhood Management	(526)	5,770	492	5,736	5,854	118
Open Space & Country Park Development	(24)	26	13	15	15	0
TOTAL	**(17,547)**	**24,776**	**970**	**8,199**	**8,497**	**298**

Analysis of Significant Variations

Service Area	Movement against Period 2	Movement Against Budget	Movement in Exp against Budget	Movement in Income against Budget	Explanation of Variations
Commercial Development	N/A	180	150	30	**Against Budget (Expenditure):** Identified Variance in line with prior year outturn and projection of costs this year of £300k against landscape services. **Against Budget (Income):** Reduced income is anticipated for Building Services (£30k). **Movement in Period:** N/A **Management Actions:** Action plan to be developed to offset identified pressures by (£150k).
Neighbourhood Management	N/A	118	0	118	**Against Budget (Expenditure):** N/A **Against Budget (Income):** Residual Land Transfer from HCA being incorporated in wide project £118k. **Movement in Period:** N/A **Management Actions:** N/A

Significant Risks There are no significant risks

REGULATORY UNIT

SERVICE AREA	Budget				Projected Outturn £'000	Projected Variation £'000
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000		
Regulatory Services Management	0	(7)	11	4	34	30
Building Control and Sustainability	(1,073)	1,257	268	452	512	60
Environmental Health and Licensing	(2,190)	2,726	353	889	810	(79)
Trading Standards	(219)	830	160	771	771	0
Coroners Service	(51)	740	34	723	723	0
Emergency Planning	(19)	134	33	148	148	0
TOTAL	**(3,552)**	**5,680**	**859**	**2,987**	**2,998**	**11**

Analysis of Significant Variations

Service Area	Movement against Period 2	Movement Against Budget	Movement in Exp against Budget	Movement in Income against Budget	Explanation of Variations
Regulatory Services Management	N/A	30	30	0	**Against Budget (Expenditure):** Vacancy Provision unachievable £140k. **Against Budget (Income):** N/A **Movement in Period:** N/A **Management Actions:** Hold vacancies towards achieving Vacancy Provision (£110k).

Significant Risks There are no significant risks

HIGHWAYS AND TRANSPORTATION

SERVICE AREA	Budget				Projected Outturn £'000	Projected Variation £'000
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000		
AD Transport	0	181	(278)	(97)	(97)	0
Total AD Transport	**0**	**181**	**(278)**	**(97)**	**(97)**	**0**
Transportation Services Management	(66)	130	26	90	90	0
Policy and Programmes	0	322	114	436	433	(3)
Passenger Transport	(107)	7,384	497	7,774	7,774	0
Parking Strategy and Operations	(9,786)	3,270	304	(6,212)	(6,212)	0
Total Transportation Services	**(9,959)**	**11,106**	**941**	**2,088**	**2,085**	**(4)**
Highways Management	0	193	26	219	219	0
Traffic Management	(31)	467	266	702	702	0
Road Safety	(63)	163	156	256	256	0
Highway Maintenance	(450)	11,900	233	11,683	11,683	0
NRSWA	(247)	161	69	(17)	30	47
Bridges	0	208	3	211	211	0
Street Lighting	(71)	3,094	191	3,214	3,214	0
Adoptions	(616)	207	213	(196)	(196)	0
Total Highways Services	**(1,478)**	**16,393**	**1,157**	**16,072**	**16,119**	**47**
TOTAL	**(11,437)**	**27,680**	**1,820**	**18,063**	**18,107**	**44**

Analysis of Significant Variations

There are no significant variations to report at present.

Significant Risks –

1	Parking income continues to be of a volatile nature.
2	The third party insurance claim from the Secklow Gate Bridge fire has not yet been settled and the final amount therefore remains uncertain.
3	A decision is pending to switch back on some of the street lights. This will result in an overspend against current budget.

CORPORATE CORE

SERVICE AREA	Budget				Projected	Projected
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000	Outturn £'000	Variation £'000
Business Support Team	(3)	472	(207)	262	262	0
Chief Executive	(27)	259	(232)	0	0	0
Policy and Performance	(347)	1,164	(470)	347	347	0
Research and Intelligence	(58)	613	42	597	623	26
Communications	(193)	595	(147)	255	194	(61)
Director of Strategy	0	157	122	279	277	(2)
Portfolio Office	0	110	(193)	(83)	(83)	0
Organisational Transformation Programme	0	119	(83)	36	42	6
TOTAL	**(628)**	**3,489**	**(1,162)**	**1,693**	**1,662**	**(31)**

Analysis of Significant Variations There are no significant variations to report at present.

Significant Risks There are no significant risks

PLANNING, ECONOMY & DEVELOPMENT GROUP

SERVICE AREA	Budget				Projected	Projected
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000	Outturn £'000	Variation £'000
Planning Management and Land Charges	(403)	198	(95)	(300)	(300)	0
Urban Design and Land Architecture	(451)	463	173	185	185	0
Development Management	(1,166)	1,376	570	780	780	0
Spatial Planning	(58)	832	323	1,097	1,097	0
Infrastructure Co-ordination	(412)	506	117	211	211	0
Economic Development	(287)	297	117	127	127	0
TOTAL	**(2,777)**	**3,672**	**1,205**	**2,100**	**2,100**	**0**

Analysis of Significant Variations

There are no significant variations to report at present.

Significant Risks

1	Income streams in Planning are dependant on demand driven fee income.
2	There is a risk of legal challenge on the core strategy.

HOUSING REVENUE ACCOUNT

SERVICE AREA	Revised Budget £'000	Forecast £'000	Variation £'000
Dwelling Rents	(49,871)	(49,871)	-
Non-Dwelling Rents	(1,756)	(1,756)	-
Other Charges for Services and Facilities	(2,252)	(2,252)	-
Total Income	**(53,879)**	**(53,879)**	**-**
Repairs and Maintenance	10,526	10,526	-
General Management	9,545	9,489	(56)
Special Services	3,259	3,181	(78)
Rent, Rates, Taxes and Other Charges	425	385	(40)
Housing Benefits Transfers	147	147	-
Provisions	671	671	-
Capital Financing Costs (Debt and RCCO)	29,352	30,052	700
Total Expenditure	**53,925**	**54,451**	**526**
Net (Surplus)/Deficit for the Year	**46**	**572**	**526**
Uncommitted Reserve Brought Forward	(4,545)	(5,511)	(966)
Uncommitted Reserve Carried Forward	**(4,499)**	**(4,939)**	**(440)**

Analysis of Significant Variations

Service Area	Movement against Period 1	Movement Against Budget	Movement in Exp against Budget	Movement in Income against Budget	Explanation of Variations
General Management	N/A	(56)	(56)	0	**Against Budget (Expenditure):** Vacancies and release of surplus increment budgets (£60k); Public Access project £130k from HRA was unbudgeted and will be funded from surpluses in HRA central recharge account (£108k); Other net savings of (£18k) identified **Against Budget (Income)**: N/A **Movement in Period:** N/A **Management Actions:** N/A
Special Services	N/A	(78)	(78)	0	**Against Budget (Expenditure):** Net savings across communal expenditure accounts (includes fixtures, utilities and landscaping) is Estimated (£78k). **Against Budget (Income):** N/A

					Movement in Period: N/A **Management Actions:** N/A
Rent, Rates, Taxes and Other Charges	N/A	(40)	(40)	0	**Against Budget (Expenditure):** Net savings from move of Resource centre to Lakes office (£40k) – this balance has been ring fenced towards funding a pilot "Tenant Self-Maintenance" scheme. **Against Budget (Income):** N/A **Movement in Period:** N/A **Management Actions:** N/A
Capital Transfers (RCCO)	N/A	700	700	0	**Against Budget (Expenditure):** HRA outturn reserve at the end of last year finished (£966k) favourably above HRA minimum prudent requirements, fulfilling Council conditions to use £700k of this balance to fund agreed enhancement of HRA capital programme (see 21 Feb 2012 Council decisions - investments to be made towards; Fuel Poverty £350k, Safer Homes £250k, Disabled adaptations £100k). **Against Budget (Income):** N/A **Movement in Period:** N/A **Management Actions:** N/A
Uncommitted Reserve Brought Forward	N/A	(966)	0	(966)	**Against Budget (Expenditure**): N/A **Against Budget (Income):** FY1112 HRA closing Reserve (pre-audit) Brought Forward to FY1213 (£966k). £700k of this is to be used to fund agreed council enhancements to HRA FY1213 capital programme. **Movement in Period:** N/A **Management Actions:** N/A

Significant Risks There are no significant risks

DEDICATED SCHOOLS GRANT

SERVICE AREA	Budget				Projected Outturn £'000	Projected Variation £'000
	Inc £'000	Exp £'000	Fixed Recharges £'000	Net £'000		
Integrated Support	(862)	11,050	231	10,419	10,418	(1)
Social Care	0	802	35	837	838	1
Integrated Support and Social Care	**(862)**	**11,852**	**266**	**11,256**	**11,256**	**0**
Schools Statutory & Regulatory	(156,422)	135,780	0	(20,642)	(20,642)	**0**
Universal Services	(381)	7,898	147	7,664	7,664	**0**
Partnership, Commissioning & Performance	(372)	1,815	279	1,722	1,740	**18**
Education, Effectiveness and Participation	**(157,175)**	**145,493**	**426**	**(11,256)**	**(11,238)**	**18**
TOTAL	**(158,037)**	**157,345**	**692**	**0**	**18**	**18**

Cumulative Position Balance of DSG

	Budgeted £'000	Forecast £'000	Variation £'000
DSG Balance brought forward at 1/4/2012	(2,232)	(4,034)	(1,802)
Planned Utilisation in 2011/12	1,490	1,490	0
DSG deducted in respect of Academies	0	3,871	3,871
Reduction in spend (ISB) in respect of Academies	0	(3,899)	(3,899)
Forecast under spend on Central LA Services as at P3	0	18	18
DSG Balance carried forward at 31/3/2013	**(742)**	**(2,554)**	**(1,812)**

Analysis of Significant Variations

There are no significant variations to report at present. The forecast balance at 31 March 2013 will be utilised during 2013/14 in line with the strategy agreed with Strategic Finance.

Significant Risks

There are no significant risks

SAVINGS, ONE OFF PRESSURES AND BUDGET ROLLOVERS

1.1 Set out below is the current forecast position on the savings and one off pressures included within the 2012/13 budget and the budget rollovers from 2011/12. These items are included within the forecasts prepared by Service Groups and are included here for information.

SAVINGS

1.2 Table 1 summarises, by Service Group, the savings identified in the agreed budget for 2012/13. The table also shows the extent to which these savings will be achieved as at the end of period 3.

1.3 **Table 1: Budgeted Savings by Service Group**

	Budgeted Savings in 2012/13 £'000	Forecast at P3 £'000	Variance at P3 £'000
Corporate Savings	(1,050)	(1,050)	0
Adult Social Care & Health	(1,715)	(1,656)	59
Community Facilities Unit	(618)	(618)	0
Corporate Core	(214)	(214)	0
Education, Effectiveness and Participation	(1,505)	(1,505)	0
Finance & HR	(1,795)	(1,747)	48
Highways & Transportation	(1,706)	(1,660)	46
Housing & Community	(149)	(149)	0
Integrated Support and Social Care	(1,090)	(1,090)	0
Neighbourhood Services	(2,934)	(2,784)	150
Planning, Economy & Development	(111)	(61)	50
Public Access	(287)	(287)	0
Regulatory Unit	(432)	(427)	5
Total	**(13,606)**	**(13,248)**	**358**

Main areas of variation:

1.4 Within Neighbourhood services, there is £150k worth of savings that are forecast not to be achieved. These relate to the review of service delivery options for Landscaping. Current year forecasting suggests risk to income levels, and therefore this saving will not be achieved.

1.5 Management action is currently being taken to mitigate any shortfalls in achieving budgeted savings in all areas.

Financial Risk Analysis

Table 2: Key to Risk Levels

L	Limited risk, delivery plan in place and action already undertaken to ensure target is achieved
M	Delivery plan in place but not yet actioned
H	No delivery plan in place to ensure target is achievable

1.6 Outlined below in Table 3 is a High Level Summary of the Risk Assessment, which indicates that £4.674m of 34.35% of the total Agreed Savings are currently categorised as High Risk.

Table 3: Savings Risk Assessment at 30th June 2012

Saving	High Risk (Red) £m	Medium Risk (Amber) £m	Low Risk (Green) £m	Total £m
TOTAL	(3.559)	(5.250)	(3.797)	(13.606)

ONE-OFF EXPENDITURE ITEMS

1.7 Table 4 summarises, by Service Group, the One-Off Expenditure items in the agreed Budget for 2012/13.

1.8 **Table 4: One-off Expenditure Items by Service Group**

	Budgeted One-Off Expenditure in 2012/13 £'000	Requirement at P3 £'000	Amount not Required £'000
Integrated Support and Social Care	490	410	(80)
Education, Effectiveness and Participation	367	367	0
Adult Social Care and Health	0	0	0
Housing and Community	50	50	0
Regulatory Unit	0	0	0
Community Facilities Unit	8	8	0
Resources: Finance and Human Resources	1,355	705	(650)
Resources: Public Access	614	614	0
Neighbourhood Services	0	0	0
Highways and Transportation	730	730	0
Corporate Core	23	0	(23)
Planning, Economy and Development	450	450	0
Total	**4,087**	**3,334**	**(753)**

Main areas of variation:

1.9 Within the Finance, HR and Governance service group, the £650k one-off expenditure budget relating to the potential impact on payroll across the organisation, from job evaluations, will not be required until 2013/14 and therefore will be included within the 2012/13 proposed rollovers.

1.10 Within the Integrated Support and Social Care service group, a £80k one-off expenditure item was included within the budget for the anticipated requirement that local authorities meet the full cost of secure remand for children and young people (currently we meet one third of the costs of some secure remands). This is no longer expected to be required in 2012/13.

BUDGET ROLLOVERS

1.11 Budget rollovers at the end of 2011/12 are held centrally in the Budget Rollover Reserve pending formal drawdown in 2012/13. Where a budget rollover is not requested before the end of the financial year, it will be returned to General Fund Reserve.

1.12 The table below summarises the Budget rollovers from 2011/12 into 2012/13, by Service Group, and the extent to which these are forecast to be drawn down in the current year.

1.13 **Table 5: Service Group Budget Rollovers**

	Total Budgets Rolled Over at end 2011/12 **£'000**	**Requirement at P3** **£'000**	**Rollovers not required at P3** **£'000**
Integrated Support and Social Care	30	30	0
Education, Effectiveness and Participation	290	290	0
Adult Social Care and Health	175	175	0
Housing and Community	280	235	(45)
Regulatory Unit	0	0	0
Community Facilities Unit	198	198	0
Resources: Finance and Human Resources	283	283	0
Resources: Public Access	80	80	0
Neighbourhood Services	275	275	0
Highways and Transportation	458	458	0
Corporate Core	56	42	(14)
Planning, Economy and Development	273	273	0
Total	**2,398**	**2,339**	**(59)**

Main areas of variation:

None at period 3

Capital Monitoring June 2012

Category Description	Latest Spend Approval	Actuals	Forecast	Variance	Rephasing	RAG Status	Comments
Fire Alarms	673,794	-349	430,289	-243,506	109,453	Green	All projects green status except Stantonbury amber/green as Phase 4 to be agreed and programme developed. Forecast underspend includes £94k of contingency for emergency schemes. Credit in actuals relates to year end accruals.
Heating Installations	758,585	-247	611,489	-147,096	52,340	Green	All projects green status except Drayton Park amber/green as part of work in summer and remainder to be reviewed in winter period. Forecast underspend of £95k, main element relates to Ashbrook. Credit in actuals relates to year end accruals.
Windows & Doors	925,525	46,485	629,168	-296,358	202,205	Green	All projects green status except Wyvern amber/green due to Grade 2 listed building. Forecast underspend of £94k mainly relate to Downs Barn and Germander Park.
Internal Works	263,580	11,338	59,232	-204,348	200,000	Amber/Green	Walnuts Foundation Project, start delayed due to discussions on site.
External Works	1,107,977	-16,521	597,772	-510,205	422,000	Green	All projects green status except Tickford Park amber/green design only this year. Forecast underspend of £88k, mainly relate to Queen Eleanor and Drayton Park roofing projects. Credit in actuals relates to year end accruals.
Access Initiative	154,500	-21,345	153,406	-1,094	0	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Contingency	200,000	0	0	-200,000	200,000	Amber/Green	Asset Management Programme, Funding not required, amendment document to be raised.
Non-School	20,000	0	20,000	0	0	Green	Projects green status, no issues.
Primary - External/Structural Works	5,759,087	-91,615	4,926,676	-832,410	941,243	Green	Seven projects green status, five projects green/amber. Main green/amber projects. Middleton, site start dependent on Newt trapping and Brooklands large slippage £782k due to later start on site. Credit in actuals relates to year end accruals.
Primary - New Build	4,355,819	137,122	2,595,698	-1,760,121	1,468,108	Green	Six projects green status, 5 projects amber/green as large slippage. Forecast underspend of £292k mainly relates to Falconhurst.
Secondary - External/Structural Works	2,227,485	80,635	2,302,029	74,544	0	Amber/Green	Two projects green and one project amber/green, St Pauls two Forms of Entry, funding being reviewed, £80k overspend.
Secondary - New Build	343,968	-32,915	122,998	-220,970	148,928	Green	All projects green except Proposed CMK amber/green due to site issues causing delay. Forecast underspend of £72k primarily on Oakgrove £64k. Credit in actuals relates to year end accruals.
14-19 Accommodation Scheme	43,967	5,898	46,028	2,061	0	Green	All projects green status, no issues. Additional funding to be requested.
Special Schools	4,306,114	8,125	3,514,066	-792,048	723,953	Amber/Green	All projects showing slippage. Mainly White Spire as start on site now August.
Galley Hill	1,000	-3,608	300	-700	0	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Sure Start Phase 3	0	0	100	100	0	Green	Final funding to be requested.
C & F - Education, Effectiveness & Participation	21,141,402	123,004	16,009,252	-5,132,151	4,468,230		
Specialist Services	1,084,524	1,560	1,018,270	-66,253	0	Green	All projects green status, no issues. Forecast underspend on Westminster Drive.
C & F - Integrated Support & Social Care Group	1,084,524	1,560	1,018,270	-66,253	0		
Bridges	1,469,196	-8,022	1,469,197	0	0	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Flood Alleviation	192,166	-653	192,166	0	0	Amber/Green	All projects amber/green, projects subject to landowner co-operation. Credit in actuals relates to year end accruals.
Highways Services	2,371,195	-30,419	2,365,373	-5,822	0	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Junction Improvements	315,393	-3,448	315,107	-286	0	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Passenger Transport	2,020,400	342,987	2,194,958	174,558	0	Amber/Red	Three projects green status, three projects amber/green and Wolverton Station amber/red. Station handed over to Network Rail, £175k forecast overspend, contractor negotiations ongoing.
Street Lighting	651,119	-10,301	651,119	0	0	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Traffic Management	738,590	15,588	759,027	20,438	0	Green	All projects green status, no issues. Identified overspend, funding available documentation being progressed.
Highways & Transportation Group	7,758,059	305,732	7,946,948	188,888	0		
				0			
Community Parking Fund	417,315	0	416,474	-840	0	Green	All projects green status, no issues.

Capital Monitoring June 2012

Category Description	Latest Spend Approval	Actuals	Forecast	Variance	Rephasing	RAG Status	Comments
Landscape Services	69,127	2,571	58,415	-10,713	0	Green	All projects green status, no issues. Forecast underspend relates to options being reviewed to progress Stanton Low Park and Newton Blossomville Bridge.
Open Spaces	250,000	2,472	252,472	2,472	0	Amber/Green	Both projects amber/green, purchase of Hansen Centre as negotiations have faltered and Wolverton Open Space, additional funding available and being requested.
Play Areas	222,718	58,308	217,305	-5,413	0	Green	All projects green status, no issues.
Waste	3,984,508	8,944	2,943,340	-1,041,168	1,041,168	Amber/Green	Both projects amber/green, New Waste depot start delayed and MK Anaerobic Digester grant payment dependent on plant construction by third party.
Climate Change	229,150	30,247	229,150	-0	0	Amber/Green	Carbon Management Programme, working with utility companies regarding implementation.
Environmental Health	36,933	-299,272	36,993	60	0	Amber/Green	Second Crematorium project completed awaiting final account and defects resolution. Credit in actuals relates to year end accruals.
Neighbourhood Services Group	5,209,753	-196,731	4,154,150	-1,055,603	1,041,168		
Admin Buildings	11,943,276	128,384	11,943,276	0	0	Green	All projects green status except Saxon Court Roofing amber/green as wet weather has caused delay. Purchase of Saxon Court planned for July.
ICT	674,161	115,663	673,411	-750	0	Green	All projects green status except Virtual Desktop Infrastrucure amber/green as awaiting outcome of pilot project.
Western Expansion Area	62,902	-2,812	11,188	-51,714	0	Amber/Green	Both projects awaiting formal collaboration agreement with developer. Credit in actuals relates to year end accruals.
Resources - Public Access Group	12,680,339	241,236	12,627,875	-52,464	0		
Development Control	19,940	0	19,940	0	0	Amber/Green	Project dependent on upgrade of other corporate software.
Urban Design - Architecture	43,435	-1,593	43,435	0	0	Amber/Green	Project awaiting formal collaboration agreement with developer. Credit in actuals relates to year end accruals.
Urban Design - Regeneration	275,874	3,938	275,874	0	0	Green	Project green status, no issues.
Planning, Economy & Development Group	339,248	2,345	339,248	0	0		
Community	7,926,721	943,201	7,316,985	-609,736	609,736	Green	All projects green status except MK Rose Cenotaph £600k amber/green as grant payment to be made on completion of the project.
Libraries	80,480	-2,376	80,139	-341	0	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Sports	437,742	-121,087	437,742	-0	0	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Culture	162,000	0	162,000	0	0	Green	Project green, no issues.
Community Facilities Unit	8,606,943	819,738	7,996,866	-610,077	609,736		
Performance Improvement	36,030	31,246	36,030	0	0	Green	All projects green status, no issues.
Social Care	777,025	12,469	597,226	-179,799	175,000	Green	All projects green status, no issues.
Adult Social Care & Health Group	813,055	43,715	633,257	-179,799	175,000		
Community Safety	0	-37,228	0	0	0	Amber/Green	Project has system issues, awaiting formal sign off. Credit in actuals relates to year end accruals.
Regeneration	0	-128,546	-77,224	-77,224	0	Amber/Green	Project completed.
Housing & Community Group - Regeneration & Community Safety	0	-165,773	-77,224	-77,224	0		
Asbestos Management	584,708	-35,448	584,708	0	0	Green	All projects green status, no issues.
Disabled Adaptations	715,087	9,593	715,087	0	0	Green	All projects green status, no issues.
Disabled Facilities Grant	1,029,638	75,001	1,029,638	0	0	Green	All projects green status, no issues.
Decent Homes Programme	2,635,709	13,564	2,635,709	-0	0	Green	All projects green status, no issues.
Estate Improvement Grants	0	189	257	257	0	Green	Expenditure to be transferred to Revenue.
Housing Regeneration	8,291,852	224,528	8,291,852	0	0	Green	All projects green status, no issues.
Heating Installations HRA	6,408,036	933,545	6,408,036	-0	0	Amber/Green	All projects green status except Renewables Fund amber/green as programme of implementation being reviewed
Structural Upgrades	438,464	108,401	438,464	0	0	Green	Both projects green status, no issues.
Window Upgrades	2,463,592	230,027	2,463,592	-0	0	Green	Both projects green status, no issues.
Housing & Community Group - Housing	22,567,085	1,559,399	22,567,342	257	0		
Total	80,200,408	2,734,224	73,215,983	-6,984,425	6,294,133		

Capital Monitoring June 2012							
Category Description	**Latest Spend Approval**	**Actuals**	**Forecast**	**Variance**	**Rephasing**	**RAG Status**	**Comments**
Fire Alarms	**673,794**	**-349**	**430,289**	**-243,506**	**109,453**	Green	All projects green status except Stantonbury amber/green as Phase 4 to be agreed and programme developed. Forecast underspend includes £94k of contingency for emergency schemes. Credit in actuals relates to year end accruals.
Heating Installations	**758,585**	**-247**	**611,489**	**-147,096**	**52,340**	Green	All projects green status except Drayton Park amber/green as part of work in summer and remainder to be reviewed in winter period. Forecast underspend of £95k, main element relates to Ashbrook. Credit in actuals relates to year end accruals.
Windows & Doors	**925,525**	**46,485**	**629,168**	**-296,358**	**202,205**	Green	All projects green status except Wyvern amber/green due to Grade 2 listed building. Forecast underspend of £94k mainly relate to Downs Barn and Germander Park.
Internal Works	**263,580**	**11,338**	**59,232**	**-204,348**	**200,000**	Amber/Green	Walnuts Foundation Project, start delayed due to discussions on site.
External Works	**1,107,977**	**-16,521**	**597,772**	**-510,205**	**422,000**	Green	All projects green status except Tickford Park amber/green design only this year. Forecast underspend of £88k, mainly relate to Queen Eleanor and Drayton Park roofing projects. Credit in actuals relates to year end accruals.
Access Initiative	**154,500**	**-21,345**	**153,406**	**-1,094**	**0**	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Contingency	**200,000**	**0**	**0**	**-200,000**	**200,000**	Amber/Green	Asset Management Programme, Funding not required, amendment document to be raised.
Non-School	**20,000**	**0**	**20,000**	**0**	**0**	Green	Projects green status, no issues.
Primary - External/Structural Works	**5,759,087**	**-91,615**	**4,926,676**	**-832,410**	**941,243**	Green	Seven projects green status, five projects green/amber. Main green/amber projects. Middleton, site start dependent on Newt trapping and Brooklands large slippage £782k due to later start on site. Credit in actuals relates to year end accruals.
Primary - New Build	**4,355,819**	**137,122**	**2,595,698**	**-1,760,121**	**1,468,108**	Green	Six projects green status, 5 projects amber/green as large slippage. Forecast underspend of £292k mainly relates to Falconhurst.
Secondary - External/Structural Works	**2,227,485**	**80,635**	**2,302,029**	**74,544**	**0**	Amber/Green	Two projects green and one project amber/green, St Pauls two Forms of Entry, funding being reviewed, £80k overspend.
Secondary - New Build	**343,968**	**-32,915**	**122,998**	**-220,970**	**148,928**	Green	All projects green except Proposed CMK amber/green due to site issues causing delay. Forecast underspend of £72k primarily on Oakgrove £64k. Credit in actuals relates to year end accruals.
14-19 Accommodation Scheme	**43,967**	**5,898**	**46,028**	**2,061**	**0**	Green	All projects green status, no issues. Additional funding to be requested.
Special Schools	**4,306,114**	**8,125**	**3,514,066**	**-792,048**	**723,953**	Amber/Green	All projects showing slippage. Mainly White Spire as start on site now August.
Galley Hill	**1,000**	**-3,608**	**300**	**-700**	**0**	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Sure Start Phase 3	**0**	**0**	**100**	**100**	**0**	Green	Final funding to be requested.
C & F - Education, Effectiveness & Participation	**21,141,402**	**123,004**	**16,009,252**	**-5,132,151**	**4,468,230**		
Specialist Services	**1,084,524**	**1,560**	**1,018,270**	**-66,253**	**0**	Green	All projects green status, no issues. Forecast underspend on Westminster Drive.
C & F - Integrated Support & Social Care Group	**1,084,524**	**1,560**	**1,018,270**	**-66,253**	**0**		
Bridges	**1,469,196**	**-8,022**	**1,469,197**	**0**	**0**	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Flood Alleviation	**192,166**	**-653**	**192,166**	**0**	**0**	Amber/Green	All projects amber/green, projects subject to landowner co-operation. Credit in actuals relates to year end accruals.
Highways Services	**2,371,195**	**-30,419**	**2,365,373**	**-5,822**	**0**	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Junction Improvements	**315,393**	**-3,448**	**315,107**	**-286**	**0**	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Passenger Transport	**2,020,400**	**342,987**	**2,194,958**	**174,558**	**0**	Amber/Red	Three projects green status, three projects amber/green and Wolverton Station amber/red. Station handed over to Network Rail, £175k forecast overspend, contractor negotiations ongoing.
Street Lighting	**651,119**	**-10,301**	**651,119**	**0**	**0**	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Traffic Management	**738,590**	**15,588**	**759,027**	**20,438**	**0**	Green	All projects green status, no issues. Identified overspend, funding available documentation being progressed.
Highways & Transportation Group	**7,758,059**	**305,732**	**7,946,948**	**188,888**	**0**		
				0			
Community Parking Fund	**417,315**	**0**	**416,474**	**-840**	**0**	Green	All projects green status, no issues.

Capital Monitoring June 2012

Category Description	Latest Spend Approval	Actuals	Forecast	Variance	Rephasing	RAG Status	Comments
Landscape Services	69,127	2,571	58,415	-10,713	0	Green	All projects green status, no issues. Forecast underspend relates to options being reviewed to progress Stanton Low Park and Newton Blossomville Bridge.
Open Spaces	250,000	2,472	252,472	2,472	0	Amber/Green	Both projects amber/green, purchase of Hansen Centre as negotiations have faltered and Wolverton Open Space, additional funding available and being requested.
Play Areas	222,718	58,308	217,305	-5,413	0	Green	All projects green status, no issues.
Waste	3,984,508	8,944	2,943,340	-1,041,168	1,041,168	Amber/Green	Both projects amber/green, New Waste depot start delayed and MK Anaerobic Digester grant payment dependent on plant construction by third party.
Climate Change	229,150	30,247	229,150	-0	0	Amber/Green	Carbon Management Programme, working with utility companies regarding implementation.
Environmental Health	36,933	-299,272	36,993	60	0	Amber/Green	Second Crematorium project completed awaiting final account and defects resolution. Credit in actuals relates to year end accruals.
Neighbourhood Services Group	**5,209,753**	**-196,731**	**4,154,150**	**-1,055,603**	**1,041,168**		
Admin Buildings	11,943,276	128,384	11,943,276	0	0	Green	All projects green status except Saxon Court Roofing amber/green as wet weather has caused delay. Purchase of Saxon Court planned for July.
ICT	674,161	115,663	673,411	-750	0	Green	All projects green status except Virtual Desktop Infrastrucure amber/green as awaiting outcome of pilot project.
Western Expansion Area	62,902	-2,812	11,188	-51,714	0	Amber/Green	Both projects awaiting formal collaboration agreement with developer. Credit in actuals relates to year end accruals.
Resources - Public Access Group	**12,680,339**	**241,236**	**12,627,875**	**-52,464**	**0**		
Development Control	19,940	0	19,940	0	0	Amber/Green	Project dependent on upgrade of other corporate software.
Urban Design - Architecture	43,435	-1,593	43,435	0	0	Amber/Green	Project awaiting formal collaboration agreement with developer. Credit in actuals relates to year end accruals.
Urban Design - Regeneration	275,874	3,938	275,874	0	0	Green	Project green status, no issues.
Planning, Economy & Development Group	**339,248**	**2,345**	**339,248**	**0**	**0**		
Community	7,926,721	943,201	7,316,985	-609,736	609,736	Green	All projects green status except MK Rose Cenotaph £600k amber/green as grant payment to be made on completion of the project.
Libraries	80,480	-2,376	80,139	-341	0	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Sports	437,742	-121,087	437,742	-0	0	Green	All projects green status, no issues. Credit in actuals relates to year end accruals.
Culture	162,000	0	162,000	0	0	Green	Project green, no issues.
Community Facilities Unit	**8,606,943**	**819,738**	**7,996,866**	**-610,077**	**609,736**		
Performance Improvement	36,030	31,246	36,030	0	0	Green	All projects green status, no issues.
Social Care	777,025	12,469	597,226	-179,799	175,000	Green	All projects green status, no issues.
Adult Social Care & Health Group	**813,055**	**43,715**	**633,257**	**-179,799**	**175,000**		
Community Safety	0	-37,228	0	0	0	Amber/Green	Project has system issues, awaiting formal sign off. Credit in actuals relates to year end accruals.
Regeneration	0	-128,546	-77,224	-77,224	0	Amber/Green	Project completed.
Housing & Community Group - Regeneration & Community Safety	**0**	**-165,773**	**-77,224**	**-77,224**	**0**		
Asbestos Management	584,708	-35,448	584,708	0	0	Green	All projects green status, no issues.
Disabled Adaptations	715,087	9,593	715,087	0	0	Green	All projects green status, no issues.
Disabled Facilities Grant	1,029,638	75,001	1,029,638	0	0	Green	All projects green status, no issues.
Decent Homes Programme	2,635,709	13,564	2,635,709	-0	0	Green	All projects green status, no issues.
Estate Improvement Grants	0	189	257	257	0	Green	Expenditure to be transferred to Revenue.
Housing Regeneration	8,291,852	224,528	8,291,852	0	0	Green	All projects green status, no issues.
Heating Installations HRA	6,408,036	933,545	6,408,036	-0	0	Amber/Green	All projects green status except Renewables Fund amber/green as programme of implementation being reviewed
Structural Upgrades	438,464	108,401	438,464	0	0	Green	Both projects green status, no issues.
Window Upgrades	2,463,592	230,027	2,463,592	-0	0	Green	Both projects green status, no issues.
Housing & Community Group - Housing	**22,567,085**	**1,559,399**	**22,567,342**	**257**	**0**		
Total	**80,200,408**	**2,734,224**	**73,215,983**	**-6,984,425**	**6,294,133**		

Corporate Project Dashboard Quarter 1 - July 2012

RAG rating criteria for Programmes/Projects

RAG summary	Key Criteria	
	Key Criteria	• Project or Programme is running to time against key milestones and plans • The projected cost is still unchanged from that originally budgeted or the agreed revised budget • The scope is still as agreed by the project /programme board • The business benefits are on course to be realised in line with planned realisation criteria and agreed tolerance levels • The RAG rating reflects the assessment that the key risks to the project or programme are managed and mitigated, and the business benefits tracked monitored and managed to ensure that the expected business benefits are realised
20	**Green**	**All key criteria (Time, Cost, Scope and Benefits) will be achieved. Risks are being managed**
23	**Amber/ Green**	**One of the key criteria cannot be delivered within tolerance; project risks are being managed**
3	**Amber/ Red**	**Two or Three of the key criteria cannot be delivered within tolerance. Risks need to be escalated**
0	**Red**	**All four key criteria cannot be delivered without further significant intervention (Consider whether the project should continue). Risks need to be escalated.**
0		**Project / Programme closed / historically not reported on the dashboard**

	Name	Sponsor	PM	Q4	Q1	Comment
1. Delivery of the Local Investment Plan						
1.1	Delivery of the Local Investment Plan	David Hill	Jonathan Entwistle	Green	Green	Projects generally delivering to time, cost, scope and benefits requirements. There is a potential overspend on the Wolverton Station project but this is subject to negotiation with the contractor.
2. Children & Families						
2.1	Day Nurseries	Gail Tolley	Nigel Oates	Green	Green	Four day nurseries have transitioned successfully with the final transition completed 31 May 2012. Cabinet approval to integrate two remaining Day Nurseries will be sought on 25 July 2012.
2.2	School Planning and Build Programme	Gail Tolley	Mark Dolling	Amber/ Green	Amber/ Green	School Planning and Build Board last met on 18 April 2012. Schemes progressing in line with plan. Some areas of risk identified - mitigating actions agreed.
3. Planning, Economy & Development						
3.1	Local Investment Plan (LIP) REVISION 2011-15	Nick Fenwick	Darren Gray	Amber/ Green	Green	The LIP was approved for consultation on 30th May 2012 and was published for public consultation on 6th June to run to 31st August. Self scoring of projects has completed and planning is underway for Cabinet Member prioritisation workshop.

	Name	Sponsor	PM	Q4	Q1	Comment
3.2	Digital Infrastructure Strategy (Broadband)	Nick Fenwick	Martyn Smith	Amber/ Green	Amber/ Green	Progress is on track. MKC's Joint Local Broadband Plan was approved by BDUK for funding for superfast broadband in May. Milton Keynes hosted the NextGen event in May, a major business conference on broadband. In April, the council launched the superfast broadband awareness campaign and announced the results of the resident and business broadband survey which received over 1400 responses. Transitional arrangements for project management are in place with potential increase in technical risk in short term. Revised START doc will be presented to Capital Programme Review Panel and a procurement business case to Cabinet Procurement Committee in July. An internal Programme Board established to oversee the delivery of superfast broadband in MK. Aiming to commence the procurement phase with partners in Bedford and Central Beds in September 2012.
3.3	Core Strategy	Nick Fenwick	Bob Wilson	Amber/ Red	Amber/ Red	Preparation for the Core Strategy examination in July is progressing well. The deadline for the Council statements of the 1st of June was achieved. Since then a further 90 statements for the hearings have been received. Still no sign of Secretary of State revoking the Regional Spatial Strategy (RSS)
3.4	Local Development Framework	Nick Fenwick	Bob Wilson	Amber/ Green	Amber/ Green	Delegated decision on the 3rd July approved the update to the Local Development Framework
3.5	Bletchley Conservation Partnership Scheme	Nick Fenwick	Simon Peart	Green	Green	Phase one of the scheme now completed. Composition of Phase two works currently being agreed between the Council, English Heritage and Bletchley Park Trust. All works are programmed to complete in this financial year and within budget
3.6	Planning Obligations Policy Review	Nick Fenwick	Fiona Tarbit	Amber/ Green	Amber/ Green	Project continues to be deferred to allow time to resolve issues around links with Affordable Housing. Project will now include the review of the Affordable Housing Supplementary Planning Document. Workshop planned with Members to consider how to balance developer contributions between Community Infrastructure Levy (CIL), Section 106 and Affordable Housing. Final adoption of CIL charging schedule due in April 2014.
3.7	CMK Development Framework Review	Nick Fenwick	Diane Webber	Green	Amber/ Green	Delegated decision to approve the Draft Development Framework for public consultation delayed to late July to allow time for further study on car parking in CMK. Further consideration to take place with senior officers and members in terms of the role and status of the reviewed Development Framework in the light of the emerging CMK business neighbourhood development plan. The outcome of this meeting will need to be reflected in the delegated report.

	Name	Sponsor	PM	Q4	Q1	Comment
3.8	Strategic Land Allocation Development Framework	Nick Fenwick	Bruce Stewart	Amber/ Green	Amber/ Green	The draft Development Framework will be complete by the end of June 2012. A Delegated Cabinet Member decision will be taken on 10th July 2012 to publish the Development Framework for a formal 12-week public The only outstanding issue to be resolved as part of the Development Framework is the provision of a Secondary School as required by the Council. This matter has again been escalated to the Project Board and discussed but no consensus/agreement was reached. A further meeting was held between the Council and the landowners in an attempt to reach common ground. This meeting took place on 29 June at which it was not possible to reach common ground; it has been agreed between the Council and the landowners that this issue will be resolved at the Core Strategy Examination starting on 12 July or by arbitration, if not resolved at the Core Strategy Examination. Ongoing meetings of the Church Farm and Strategic Land Allocation Stakeholder Groups continue and good progress continues to be made.
3.9	Economic Development Strategy - Performance Management System	Pam Gosal	Ian Dailey	Amber/ Green	Amber/ Green	Broadly on track to deliver performance management reporting for the whole of the Economic Development Strategy, via Performance Plus, for Q1. For Q2 onwards this project will become business as usual and needs removing from the project dashboard.
4. Highways and Transportation						
4.1	Transport Programme	Brian Matthews	David Lawson	Green	Amber/ Green	The Highways & Transport Programme Board structure is now fully implemented and meetings are taking place regularly. The Project Appraisal and Prioritisation system is being rolled out. The majority of this year's projects have received spend approval and are mostly at the PLAN or DO stage.
4.2	Station Square	Brian Matthews	Nick Flood	Green	Green	Bus lane widening and Bus shelters are complete with the scheme now open to all traffic (inc buses). Installation of cycle shelters & stands will be completed by mid July 2012
4.3	Wolverton Station	Brian Matthews	John McLaughlin	Amber/ Red	Amber/ Red	The building has been handed over to Network Rail. The project budget is forecast to be exceeded but some of these costs are being challenged. The opening ceremony was held on 21st June. Construction of a deep-sewer connection, car park resurfacing and footway widening is scheduled for July onwards
4.4	Secklow Gate Bridge	Brian Matthews	Andrew Jackman	Amber/ Green	Amber/ Green	Work has also concluded on the collating detailed information required to supportt the level of the claim This work included retrieving copy invoices to support the claim and verifying the final accounts for the completed repair work.This now allows the full claim submission to be submitted supported by relevant supporting information to substantiate the claim

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	Name	Sponsor	PM	Q4	Q1	Comment
4.5	Saxon Street/ Watling Way Junction Improvements ("B&Q")	Brian Matthews	John McLaughlin	Green	Green	Junction Improvement completed on time (mid March) and within budget. Lessons learned and project closure to proceed. Benefits monitoring scheduled for October 2012.
4.6	Transport Strategy (Local Transport Plan LTP3) Implementation and Review	Brian Matthews	David Lawson	Green	Green	Following Cabinet approval, the Transport Strategy Review was adopted by full Council on 13th June and forms an addendum to the main Transport Vision and Strategy (LTP3).
4.7	Real Time Passenger Information (RTPI)	Brian Matthews	Andrew Coleman	Amber/ Green	Green	Procurement process ongoing. Tendering closed 8th June and 6 tenders were received. Report to be taken to Cabinet Procurement Committee on 7th August 2012.
4.8	Parking Contract Renewal	Brian Matthews	Sara Bailey	Amber/ Green	Amber/ Green	The draft specification for renewal of main parking contract is currently being reviewed. Sign off of the final specification has been delegated by members to senior Resource Officers. Current contract is extended until 1st March 2013
4.9	Strategic Asset Programme (Footway Major)	Brian Matthews	Andrew Dickinson	Green	Amber/ Red	Capital Programme Review Panel spend approval is on hold as the panel requested a business case to be presented to the July Cabinet. The report is to provide detail of what will be addressed and the benefits the investment will deliver with supporting cost analysis to indicate the impact on Revenue.
4.1O	**NEW** Better Bus Fund	Brian Matthews	Andrew Coleman		Green	Project team being established and procurement being progressed: Approval to procure consultants through Midlands Highways Alliance to deliver non-RTPI elements to be requested at Cabinet Procurement Committee (CPC) on 7th August 2012 together with approval to award the RTPI element.
5. Corporate Core						
5.1	Local Land & Property Gazetteer (LLPG)	Geoff Snelson	Bill Errington	Green	Green	The LLPG continues to maintain Silver Standard at the GeoPlace National Hub
5.2	Welfare Reform Programme	Geoff Snelson	Kay Pettit	Amber/ Green	Green	The project is on track with consultation to begin mid July.
5.3	Bridges and Secklow Gate Action Plan	David Hill	Jill Jones	Green	Amber/ Green	Progress of the delivery of the Action Plan is going well. 29 (57%) of the 51 recommendations that make up the Plan have been signed off as complete. The Action Plan is on track to be delivered by the end of the year. The RAG rating reflects the fact that 10 of the recommendations are also rated Amber/Green. A full progress report was presented to the Audit Committee on 26th June 2012
6. Finance, HR and Governance						
6.1	Finance Improvement Programme	Tim Hannam	Nicole Jones	Amber/ Green	Amber/ Green	A number of projects have been completed this year, while some are still ongoing. The main projects which have been delayed are the work on debt management and e-enablement. The programme has been refreshed for 2012/13, reflecting the priorities outlined in the service plan.

	Name	Sponsor	PM	Q4	Q1	Comment
6.2	Improved Financial Reporting Business Objects	Nicole Jones	Frank Reedy	Amber/ Green	Amber/ Green	Overall status still remains Amber/Green as the main elements of the project are either complete or have made good progress since the last report. 1. BPC element of project is complete – changes to the input schedule have been dealt with as a separate change control. 2. The reports to be delivered as part of the project are complete. A third report has now been developed within Finance. Developing this identified some issues with the tools and the data being loaded. These have been addressed and the three reports are now very close to being rolled out to budget managers. 3. A handover session has been held with the Blueprint consultant for the Dashboard Designer and a few minor changes are being applied to the Dashboards as a result. A more general handover session is being arranged to enable final sign off of the project and for Finance to be able to take the products forward themselves with minimal support from the Mouchel SAP team.
6.3	Job Evaluation	Geoff Snelson	Kathy Williams	Amber/ Green	Amber/ Green	In principle decision on split between JE schemes now made by Project Board and evaluations at April 2011 complete. Split decision will require review and finalisation following completion of moderation and Equalities Impact Assessment. Intense moderation/consistency checking process nearing completion in preparation for pay modelling phase in the summer. Project Board agreement to extend timeframe for schools matching process has impacted on pay modelling timeframes and subsequent consideration by JNC.
6.4	HR Employee/Manager Self Service	Morag Shaw	Debbie Haynes	Amber/ Green	Amber/ Green	The pilot payroll run had caused some unexpected issues, and it was felt that another payroll run should be carried out with the pilot in group in July before the pilot is reviewed and signed off. All other activities for the August Phase 1 roll out to Community Wellbeing are being progressed in parallel. The roadmap has now been updated to reflect a two phased roll out. Engagement with Change Champions has begun and data gathering for org publisher (software) is underway
7. Resources: Public Access						
7.1	Western Expansion Area (Sale of Land & Infrastructure)	Peter Smettem	Kevin Monkton	Amber/ Green	Amber/ Green	Collaboration agreement approved at Cabinet. Legal documentation being progressed with Gallaghers. Meeting aiming to finalise documentation was held on the 22nd June 2012. Resulting amendments to documentation being circulated for approval. Anticipated that agreement will be reached by September 2012, although enactment will depend on the resolution of detailed development issues affecting the site.

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	Name	Sponsor	PM	Q4	Q1	Comment
7.2	Rationalisation of Applications	Steven Jewell	Paul Flemming (Consultant)	Green	Green	Business Cases for 3 areas nearing completion. Implementation follows. Progress satisfactory.
7.3	Virtualisation Phase II	Steven Jewell	Hazel Lewis (M)/ Phil Riley (Consultant)	Amber/ Green	Amber/ Green	Project pilot is on track. 300 Units already delivered and being configured as part of the pilot. If pilot is successful then further 700 units will be purchased. Planned in October and January
7.4	EDRMS	Steven Jewell		Amber/ Green	Amber/ Green	A hiatus has developed while a centralised scanning case was approved and a change was made to the project programme management arrangements. Overall we are now projecting to achieve the corporate wide roll out by the end of 2012/13
7.5	Independent Project (Older People)	Mick Hancock	Steven Jewell	Green	Green	This project remains on course. The recent annual review gave the all clear to continue into the next phase. There have been a few technical issues with broadband capacity but these are in the process of being resolved.
7.6	Accommodation Strategy Development (Phase 1)	Peter Smettem	Kevin Monkton	Amber/ Green	Amber/ Green	A report to CLT will be presented late July to approve the communications plan and to note the position concerning the implementation programme. Also the revised wording for the HCA Transfer. Close to agreement on all aspects with the HCA. The finalised Heads of Terms are to be considered by DCLG and Treasury in July with a target date for the transfer of assets and functions of the 1st December 2012
8. Adult Social Care & Health						
8.1	Adult Social Care Systems Improvement (including Frameworki Phase 2)	Lyn Scott	Sarah Gonsalves	Amber/ Green	Green	All milestones this qtr met and risks revised. An issue has arisen with the functionality expected in a release at the end of August which may require a workaround when the new system is live - working with suppliers to resolve
9. Housing & Community						
9.1	Housing Capital Programme	Jane Reed	Anth Hodson-Curran	Amber/ Green	Amber/ Green	Programme progressing to plan. Issues continue to arise as a result of inadequate property data which may impact in year on the programme. Housing Programme Board now in place that will have an overview of interdependencies
9.2	Housing Management Transformation	Jane Reed	Linda Ellen	Green	Green	Following the consideration of the housing office closures, Cabinet requested another report regarding the adequacy of the systems for handling customer enquiries. Proposed office closures would not be enacted until report received

	Name	Sponsor	PM	Q4	Q1	Comment
9.3	Neighbourhood Plan for the Lakes Estate ("Front Runner")	Jane Reed	Kathryn Eames	Amber/ Red	Amber/ Green	Project management paperwork now completed, initial estate consultation 60% completed and analysis underway. Legislation on neighbourhood planning now received and being implemented, planning colleagues disseminating. 'Locality' supporting programme locally and bringing in expert support at no cost to MKC or programme. Supporting the Bletchley and Fenny Stratford Town Council to implement and own neighbourhood plan. Programme will raise issues and risks for MKC - issues and risk register in place.
9.4	Neighbourhood Employment Programme	Jane Reed	Kathryn Eames	Green	Green	NEP is on track this quarter with 62 into paid employment to date (June figures not included); set to reach employment and training targets. Particular focus on 18-24 year age group, with targeted engagement sessions now being delivered in collaboration with Job Centre Plus. Three pilot NEET job clubs established since April, to be reviewed in next quarter. Joint working practice with European Social Fund provider has resulted in MKC becoming highest achieving authority in South East for targeting and supporting those with complex needs into employment. Sustainable funding for the programme post Aug 13/14 is an issue. We are currently securing programme evaluation.
10. Community Facilities Unit						
10.1	Wolverton Pool	Paul Sanders	Jill Dewick	Green	Green	Project is going well with contractors on schedule and within budget. Traffic Management arrangements are working well with the adjacent housing development and regular meetings continue. Partnership working on the project continues with the Pools Trust and Town Council representatives, the Pools Trust Manager as End User is significantly involved in decision making as the project progresses. Approval will be requested via at the Cabinet Procurement Committee to tender for the procurement of the Fitness suite equipment. All contracts on this project are operating well with good communications and regular meetings with the Project Manager at Turner and Townsend
10.2	Broughton Pavilion	Paul Sanders	Tracey Jones	Green	Green	Project on target for completion in October this year.
10.3	CMK Community Sports Facility including Synthetic Turf Pitch (STP)	Paul Sanders	Jill Dewick	Amber/ Green	Amber/ Green	Project is in design and consultation stage with stakeholders. Design and phasing to be agreed.

	Name	Sponsor	PM	Q4	Q1	Comment
11. Neighbourhood Services						
11.1	Play Provision (Play Builder)	Mike Brown	Phil Snell	Green	Green	Walton Parish will be the last site to be completed by September 2012.
11.2	Bradwell Abbey heritage site improvement programme	Mike Brown	Kate Davidson	Amber/ Green	Green	Round 1 application to Heritage Lottery Fund (HLF) was successful. Project will receive £50k to develop detailed plans for delivery of restoration works, site enhancements and continuous heritage education programme. Round 2 application for £1.6m will be submitted to HLF in November 2012 . Result expected March 2013.
11.3	Low Carbon Living Programme	Geoff Snelson	Neil Allen	Amber/ Green	Amber/ Green	The revised governance arrangements are now operating and both the Advisory Group and Steering Groups have had recent meetings to provide direction and monitor the initiatives being undertaken respectively. The Sustainable Energy Action Plan (SEAP) has been developed and is used to monitor ongoing performance against the Council's target of reducing carbon emissions by 40% by 2020. Work with external partners including E.ON, BT, UCMK and Western Power Distribution is ongoing.

Establishment Reporting 2011/12 **ANNEX E**

1.1 A summary of MKC Establishment for 2012/13 financial year is shown in Table 1.

1.2 The Full Time Equivalent (FTE) numbers in March 2012 represents the base position for reporting the Council's establishment during 2012/13 financial year. The establishment at 30th June 2012 was 2,177.07 full time equivalents.

1.3 As a comparison the base position for 2011/12 (March 2011) was a total establishment of 2,413.88 FTE. This was the agreed starting point for establishment monitoring.

1.4 The reductions in establishment shown in Table 1 reflect the ongoing work undertaken to restructure services to meet the workforce savings identified as part of 2012/13 budget setting process, and as a general ongoing strategy of reviewing all posts as they become vacant to determine if they need to be filled.

Table 1: MKC Establishment Summary

SERVICE GROUP	Mar 12 FTE	June 12 FTE	Movement 2012/13 FTE
Adult Social Care and Health	641.40	657.43	16.03
Children and Families: Education, Effectiveness and Participation	290.92	266.95	(23.97)
Children and Families: Integrated Support and Social Care	386.39	406.05	19.66
Community Wellbeing	7.00	0.00	(7.00)
Community Facilities	127.56	116.02	(11.54)
Corporate Core	56.23	49.95	(6.28)
Corporate Director	10.60	9.60	(1.00)
Highways and Transport	53.21	45.07	(8.14)
Housing and Community	129.05	130.57	1.52
Neighbourhood Services	305.25	295.77	(9.48)
Planning, Economy and Development	66.23	65.94	(0.29)
Organisation Transformation	2.00	2.00	0.00
Resources: Finance & HR	110.60	109.08	(1.52)
Resources: Public Access	17.09	22.64	5.55
TOTAL MKC	**2,203.52**	**2,177.07**	**(26.46)**

1.5 This latest establishment figure of 2,177.07 FTE shows a reduction of (26.46) FTE during the three months to June 2012.

ANNEX F

TREASURY MANAGEMENT UPDATE QUARTER 1 (APRIL-JUNE) 2012-13

Purpose:

The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the revised Code of Practice for Treasury Management in November 2009; it recommends that members should be updated on treasury management activities at least twice a year, but preferably quarterly. This report therefore ensures this council is implementing best practice in accordance with the Code.

Economic climate:

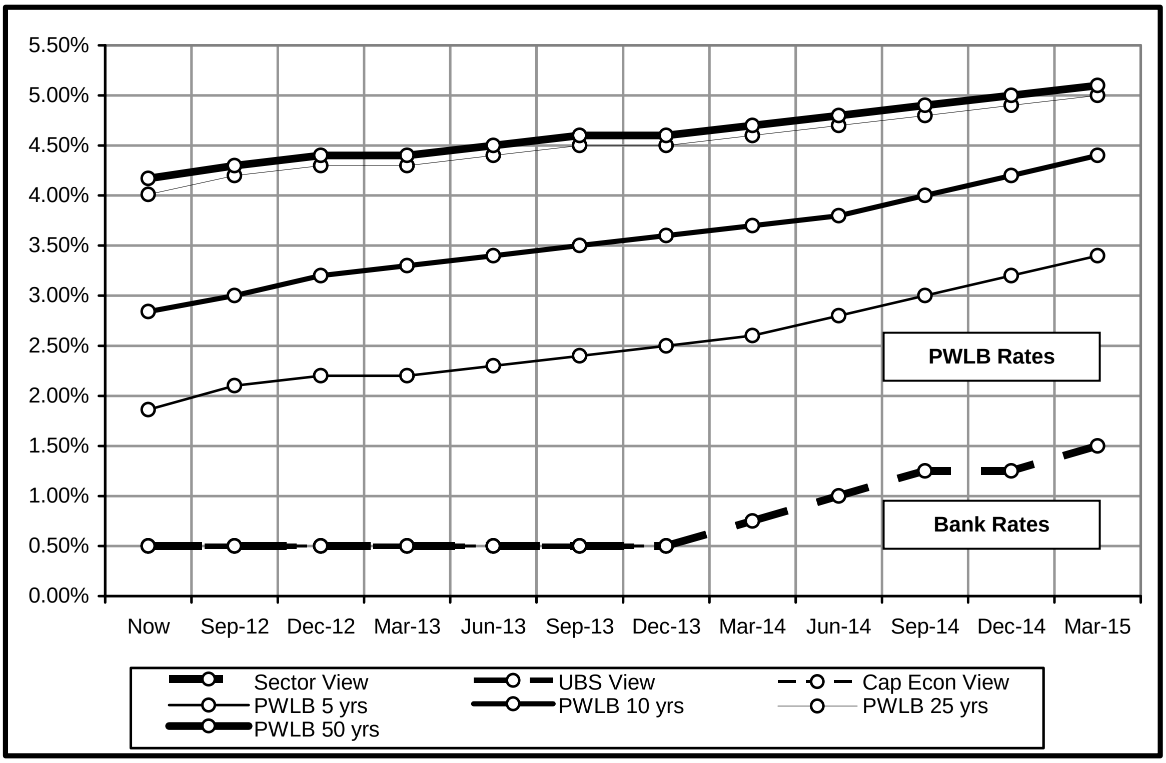
In summary, the second quarter of 2012 (calendar year) saw:

- The economic outlook has generally weakened;
- High street demand was volatile as a result of temporary distortions;
- Employment rose and unemployment fell, but earnings growth remained weak;
- Inflation continued to fall;
- The Bank and the HM Treasury announced measures to help the UK banking sector;
- The MPC indicated another tranche of quantitative easing (QE);
- Gilt yields fell on the back of deteriorating economic data and safe-haven flows from the euro-zone;
- Sentiment towards the Eurozone alternately rose on the announcement of measures to address the crisis, but then fell back as measures disappointed.

Interest rate forecast:

The forecast for interest rates over the next three years (where available) is set out below. The bank rate views of treasury advisors Sector is shown against those of economic analysts Capital Economics and UBS:

	Now	Sept 2012	Dec 2012	Mar 2013	Jun 2013	Sept 2013	Dec 2013	Mar 2014	Jun 2014	Sept 2014	Dec 2014	Mar 2015
Central Bank Rates												
Sector View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%
UBS View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
Cap Econ View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
Public Works Loan Board Rates												
5 yrs	1.86%	2.10%	2.20%	2.20%	2.30%	2.40%	2.50%	2.60%	2.80%	3.00%	3.20%	3.40%
10 yrs	2.84%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%
25 yrs	4.01%	4.20%	4.30%	4.30%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%
50 yrs	4.17%	4.30%	4.40%	4.40%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%



With growth predictions for the UK continuing to be reduced on an almost monthly basis by both the Office for Budget Responsibility and economic commentators generally, and financial markets unconvinced that Euro-one sovereign debt crisis in the medium-term, we are likely to continue to experience high levels of volatility.

Officer's views are that Bank Rate will continue to be held at record low levels throughout 2013 and the eventual rate rises will subsequently be delayed and potentially at a slower rate than currently forecast. As a result, budget assumptions will include a sensitivity analysis of the impact that a delayed economic recovery would have on the Council.

Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2012/13, which includes the Annual Investment Strategy, was approved by the Council on 21st February 2012. It sets out the Council's investment priorities as being:

1. **S**ecurity of Capital;
2. **L**iquidity; and
3. **Y**ield

The Council will also aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity.

In the current economic climate it is considered appropriate to keep the majority of investments short term to cover short term cash flow needs but also to seek out value available in significantly higher rates in periods up to 12 months with highly credit rated financial institutions.

Investment rates available in the market continue to be low. Investment balances at the 31st March 2012 were £101.607m. Due to the front-loaded nature of various government funding streams the average level of funds available for investment purposes during the quarter was £135.9m.

Balances are forecast to fall to circa £85.0m by 31st March 2013 as internal resources are applied to fund capital expenditure demands in lieu of further borrowing, effectively reducing the cost of carrying debt at higher cost than income generated through investment of balances.

Benchmark	**Benchmark Return**	**Council Performance**
3 month	0.87%	1.46%

As illustrated, the authority outperformed the benchmark by 59 basis points. The Council's budgeted investment return for 2012/13 is £0.571m, and performance for the year to date is above target. Latest projections for the financial year are reported through the Budget Monitoring process.

New Borrowing

No new borrowing was undertaken during the quarter.

The Governments Housing Subsidy scheme came to an end on 31st March 2012. In order to exit the scheme and retain future HRA income surplus balances, the Council paid over to CLG the sum of £170.6m financed by new loans from the PWLB taken at the tail end of Q4 2011.

Debt Restructuring

Debt rescheduling opportunities have been limited due to the current economic climate and consequent structure of interest rates following increases in PWLB new borrowing rates in October 2010. Officers continue to monitor the position regularly.

No debt rescheduling was undertaken during the quarter.

Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) were approved alongside the TMSS on 22nd February 2012.

During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Statement.

On one occasion the maximum exposure limit the Council internally applies to separate counterparties was exceeded (by 0.07%). This occurred when interest earned on a deposit account balance was compounded along with accumulated principal. The counterparty in question is a part-nationalised highly rated (F1) UK institution, and so the additional risk posed to the authority was minimal. The amount on deposit has since been reduced in line with limits, and measures to strengthen procedures have been implemented.

The Prudential and Treasury Indicators are as follows:

Prudential Indicator	**2012/13 Indicator**	**Quarter 1 – Actual**
Authorised limit for external debt	----- £597.000m	-----
Operational boundary for external debt	----- £577.000m	-----
Gross borrowing	£453.564m	£453.564m
Investments	£95.000m	£138.307m
Net borrowing	£358.564m	£315.257m
Capital Financing Requirement (CFR)	£563.102m	£554.867m
Ratio of financing costs to net revenue streams: GF	12.22%	10.66%
HRA	44.83%	35.22%
Incremental impact of capital investment decisions:-		
a) Increase in council tax (band D) per annum.	£26.10p	£26.10p
b) Increase in average housing rent per week	£0.08p	£0.08p
Limit of fixed interest rates based on net debt (average)	£567.000m	£363.264
Limit of variable interest rates based on net debt (average)	£30.000m	-£48.007
Principal sums invested > 364 days	£30.000m	£5.000m
Maturity structure of borrowing limits:-		
Under 12 months	Max. 15% Min. 0%	3.97%
12 months to 2 years	Max. 15% Min. 0%	3.31%
2 years to 5 years	Max. 50% Min. 0%	9.07%
5 years to 10 years	Max. 50% Min. 0%	4.61%
10 years and above	Max. 100% Min. 50%	79.04%

It is important that the Council monitors levels and debt and writes off debt that cannot be collected. It is particularly important that the amounts reflected within the accounts are an accurate reflection of the level of debt which will be collected in the future. There are a number of reasons why debts cannot be collected and include the following categories

- Liquidation/Bankruptcy/Administration/Receivership

  Once a company or individual becomes legally insolvent the Council will submit a claim in the insolvency. The Council is a non-preferential creditor and is considered for payment by the Liquidator or Trustee alongside the trade creditors. There is no further action the Council can take to recover the debt and good audit practice dictates that the outstanding sum be written off at this stage. If a dividend is later paid a debit will be created and the write off account reduced accordingly.

- Company Dissolved/Insolvent/Irrecoverable

  Sometimes in chasing a company, enquiries of Companies House will reveal that a company has been struck off the Company Register. This means that the company is no longer a legal entity and can no longer trade. It is expensive and time consuming to apply for a company to be reinstated so at this stage the decision is taken to write off, unless specific circumstances apply that would merit further investigation / recovery action.

  The decision will also be taken to write off where it appears following an investigation that a company has no assets or means of paying and is also insolvent. The Council will write to Companies House advising that the Council has been unsuccessful in collecting a debt and it appears the company has ceased trading

- Absconds

  Either the Council and / or the Council's recovery agents have been unable to trace

- Debtor deceased with no estate

The Financial Scheme of Delegation gives the Corporate Director – Resources authority to write off all amounts where a company or individual has been declared insolvent/bankrupt and all amounts up to £20,000 which are unrecoverable for other reasons.

Any amounts over £20,000 which are not due to insolvency/bankruptcy require Cabinet agreement prior to being written off.

Over the first three months of 2012/13 the following amounts have been written off

Debt type	Amount written off
Housing – former tenant rents	£15,303.99
Council Tax	£163,114.24
National Non Domestic Rates	£318,707.62
General Debtors	£26,177.64
Property	Nil
TOTAL	**£523,303.49**

There are no write offs that require Cabinet approval at this time.

Wards Affected:

All Wards

ITEM 22

CABINET

25 JULY 2012

REVISIONS TO CAPITAL PROGRAMME AND SPEND APPROVALS REPORT

Author:

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Executive Summary:

Before spending on any scheme can begin within the capital programme, project documentation has to be updated and appraised through a formal review process to ensure projects will deliver required outcomes, are fully funded and provide value for money. This review point is the spend approval stage, where following officer scrutiny members agree to allow spending against allocated resources for individual projects. Once spend approval has been agreed any changes to resourcing need to be reported to Cabinet for approval.

This report advises Cabinet of changes to the 2012/13 Capital Programme as a result of the financing of the 2011/12 Capital Programme, rephasing of schemes from 2011/12, new schemes reaching the stage requiring Spend Approval and amendments to the existing programme. These changes are summarised in Tables 1 to 4 of Annex A and Annex B and set out in detail in Annex C and Annex E

The changes outlined in this report result in a revised Capital Programme for 2012/13 of £151.385m with Spend Approval of £80.3m. This programme is fully funded.

1. Recommendation(s)

1.1 That the additions to resource allocation and spend approval for the 2012/13 Capital Programme be approved

1.2 That the amended resource allocation and spend approvals for the 2012/13 Capital Programme be approved.

1.3 That the funding position for the 2012/13 Capital Programme be noted.

2. Amendments to the 2011/12 Capital Programme

2.1 In finalising the 2011/12 Capital Outturn position some changes to the financing of the capital programme were required in instances, for example, where funding was expected but was not finally received before the end of the financial year, or where project expenditure differed from the funding available.

2.2 Some funding is time limited and if it is not spent in accordance with the terms of the funding it cannot be carried forward. For this reason allocation of such funding is prioritised to ensure that it is not lost. As a result of the amendments made in finalising the 2011/12 programme, where use of time limited funding was prioritised, no funding was lost.

2.3 The final outturn report recognised some schemes where expenditure had not occurred in 2011/12 as expected, these were mainly due to delays. These schemes have been rephased into 2012/13. However they still need to be approved for spending in 2012/13.

2.4 All of these changes have been incorporated into the Statements of Accounts presently being audited.

2.5 A summary of the proposed revisions is shown in **Annex A Table 1** with detailed information being shown in **Annex B.**

2.6 **Table 2** in **Annex A** shows the final financing position for the 2011/12 Capital Programme

3. Amendments to the 2012/13 Capital Programme

3.1 In finalising the outturn position of the 2011/12 Capital Programme a number of adjustments were made. These includes changes where; funding had previously been rephased, additional funding was either received or allocated to finance the expenditure incurred in 2011/12.

3.2 Some schemes from the 2011/12 Capital Programme were delayed and as a result will be completed in 2012/13. The rephasing of these schemes will increase the 2012/13 Capital Programme by £6,981k. The significant changes to 2012/13 are summarised in **Annex C,** with detailed information on adjustments from the 2011/12 programme shown in **Annex D.**

3.3 There are a number of schemes that were not included in the original 2012/13 Capital Programme but have now completed the officer review process for resource allocation and spend approval. Cabinet approval for resource allocation and spend approval is now sought so that the new capital projects (summarised in **Annex C**) are included in the 2012/13 Capital Programme.

3.4 The new schemes submitted for inclusion in the 2012/13 Capital Programme in Annex B are:

Better Bus Fund (resource allocation and spend approval of £386k in 2012/13 and resource allocation of £486k in 2013/14)

Grafton Street/MK Dons Stadium Junction improvements (resource allocation of £250k in 2012/13)

Princess Way, Toucan Crossing (resource allocation of £45k in 2012/13)

Purchase of Saxon Court as approved by Cabinet 20th June 2012, £11.6m resource allocation and spend approval in 2012/13.

3.5 Approval is sought to amend the resource allocation and spend approval for existing projects which have previously been allocated resources within the 2012/13 Capital Programme and to approve spending on these projects. The main changes are summarised in **Annex C.**

3.6 The significant requests for resource allocation and spend approval for 2012/13 as set out in **Annex C** are:

Allocation of Traffic Management funding to specific locations £147k

Allocation of Cycling and Pedestrian Facilities to specific locations £79k

Allocation of Street Safety to specific locations £182k

Allocation of Safer Journeys to Schools to specific locations £300k

Allocation of Parish Parking to specific locations together with match funding from Parishes £320k

3.7 A summary of proposed revisions to Capital Programme for 2012/13 is shown in **Annex A, Table 3**. These revisions are set out in detail in **Annex D**.

4. Spend Approvals Across Multiple Years

4.1 Spend Approval of £2.2m is requested across 2012/13 and 2013/14 for the Building of Council Houses Project. This project is funded by grant income reallocated from the previous Fenny Lock project as agreed by Cabinet on the 18th April 2012 (Minute C192 refers) and £1m from the Housing Revenue Account.

4.2 There are currently eight projects with spend approval phased across multiple years. These projects are fully funded with all of their funding having been confirmed as available within 2012/13. These projects along with the phasing of the spend approvals are detailed in **Annex A, Table 5**.

4.3 The Capital Programme spend approvals are requested monthly, where project managers satisfy the Capital Programme Review Panel (Corporate Director Finance and Risk Management, colleagues from Finance and the Portfolio Office, and a representative of the Corporate Leadership Team) that the project is well controlled and managed, and that funding is confirmed as available. While some projects have been through this process and been allocated spend approval, there are a number of schemes where spend approval has not been requested or where the Capital Programme Review Panel has requested further work / assurance before the scheme can be brought to Members.

4.4 The revised 2012/13 Capital Programme resource allocation and spend approval, including schemes still to be given spend approval is available on the Council website at http://www.milton-keynes.gov.uk/finance.

4.5 **Table 4** in **Annex A** shows the funding position for the 2012/13 Capital Programme.

5. Annexes to this Report

ANNEX A	Summary of changes to the Capital Programme and Financing
ANNEX B	Details of adjustments to 2011/12 Capital Programme
ANNEX C	Details of additional Schemes and significant changes to resource allocation and spend approval
ANNEX D	Detailed list of changes to the 2012/13 Capital Programme

6. Implications

6.1 Policy

The recommendations of this report are consistent with the Council's Capital Strategy.

6.2 Resources and Risk

Capital implications are fully considered throughout the report. Revenue implications may arise from capital schemes in respect of:

a) Borrowing to fund capital expenditure (principal and interest),

b) Running costs associated with capital schemes, and

c) Efficiency savings (e.g. reduced maintenance costs).

These are built into the Council's debt financing and other revenue budgets as appropriate through the Medium Term Planning process.

Y	Capital	Y	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	N	Asset Management

6.3 Carbon and Energy Management

All capital schemes consider Carbon and Energy Management implications at the capital appraisal stage before they are added to the capital programme. There are no further implications as a result of this report.

6.4 Legal

Legal implications may arise in relation to specific capital schemes. In particular a capital scheme may be needed to meet a specific legal requirement. These implications are addressed in the individual project appraisals.

There are no significant legal implications arising as a result of this report.

6.5 Other Implications

There are no other implications arising as a result of this report.

N	Equalities / Diversity	Y	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder
N	Carbon and Energy Policy				

Background Papers: Officer Working Papers, report to all Members

Previous reports to both Cabinet and Council as mentioned within the body of the report

Annex A

SUMMARY OF CHANGES TO THE CAPITAL PROGRAMME AND FINANCING

Table 1: Summary of Proposed Revisions to Capital Programme for 2011/12

Directorate	Resource Allocation £m	Spend Approval £m	Spend Approval not yet Requested £m
2011/12 Capital Programme as agreed 28th February 2012	**42.316**	**(41.857)**	**0.459**
Financing Adjustments	0.447	(0.588)	(0.141)
2011/12 Final Capital Programme	**42.763**	**(42.445)**	**0.318**
Rephasing to 2012/13	(6.981)	6.854	(0.127)
Funding not required for rephasing	(0.749)	0.558	(0.191)
Revised Capital Programme	**35.033**	**(35.033)**	**0.000**

The detailed list of the proposed revisions to Capital Programme for 2011/12 summarised in **Annex B**.

Table 2: Financing of the 2011/12 Capital Programme

Funding Type	2011/12 Capital Programme £m
Capital Receipts	6.682
Supported Borrowing - Single Capital Pot	4.225
Supported Borrowing - Separate Programme Element	0.017
Prudential Borrowing	(4.940)
Government Grants	15.152
Major Repairs Allowance	8.092
Other Third Party Contributions	3.967
Revenue Contributions	1.838
Total	**35.033**

Table 3: Summary of Proposed Revisions to Capital Programme for 2012/13

Directorate	Resource Allocation £m	Spend Approval £m	Spend Approval not yet Requested £m
2012/13 Capital Programme as agreed 20th June 2012.	**133.970**	**(59.974)**	**73.996**
Council Decision 18th April 2012 relating to Fenny Lock	(1.200)	0	(1.200)
Cabinet Decision 20th June 2012 for Purchase of Saxon Court	11.600	(11.600)	0
2011/12 Financing Adjustments	(0.479)	0.358	(0.121)
Rephasing from 2011/12	6.981	(6.854)	0.127
New Projects	0.681	(0.386)	0.295
Amendments to Existing Projects	(0.168)	(1.744)	(1.912)
Revised Capital Programme after Adjustments	**151.385**	**(80.200)**	**71.185**

The detailed list of the proposed revisions to Capital Programme for 2012/13 summarised in **Table 3** above are identified in **Annex D.**

Table 4: Financing of the 2012/13 Capital Programme

Funding Type	2012/13 Capital Programme £m
Capital Reserve	0.176
Capital Receipts	3.093
Supported Borrowing - Single Capital Pot	7.769
Single Capital Pot - Grants	31.149
Supported Borrowing – Separate Programme Element	0.119
Prudential Borrowing	60.393
Government Grants	11.802
S.106 - Planning Gain / Tariff	14.139
Other Third Party Contributions	2.424
Parking Income	0.104
Other Revenue Contributions	20.217
Total	**151.385**

Table 5: Spend Approvals – Across Multiple Years

Scheme	Total Resource Allocation	Spend Approval			
		Prior Year Spend £m	2012/13 £m	2013/14 £m	Total £m
Wolverton Pool and Associated Site Re-development	7.569	1.703	4.326	1.540	7.569
Broughton Pavilion	2.400	0.251	2.149	0.000	2.400
MK Rose Cenotaph	0.600	0	0.600	0.000	0.600
CESP Lakes Estate	8.521	0.229	8.292	0.000	8.521
New Waste Depot at Colts Holm Road, Old Wolverton	3.163	0.074	2.509	0.580	3.163
Conniburrow Pavilion	0.843	0.06	0.783	0.000	0.843
Bletchley Leisure Centre Car Park Lift	0.350	0.005	0.345	0.000	0.350
Building of Council Houses	2.200	0	0.100	2.100	2.200
Total Multiple Years Spend Approval	**25.646**	**2.322**	**19.104**	**4.220**	**25.646**

Project Name	2011/12 Resource Allocation			2011/12 Spend Approval			Total Actuals	Requests for Rephasing to 2012/13	
	Current Resource Allocation	Financing Adjustments	Final Resource Allocation	Current Spend Approval	Financing Adjustments	Final Spend Approval	2011/12 Capital Expenditure	Resource Allocation	Spend Approval
Stoke Goldington Fire Alarms	300.00	0.00	300.00	300.00	0.00	300.00	0.00	0.00	0.00
Simpson Fire Alarm	300.00	295.33	595.33	300.00	295.33	595.33	595.33	0.00	0.00
Brookswards Fire Alarm & Emergency Lights	300.00	75.71	375.71	300.00	75.71	375.71	375.71	0.00	0.00
Drayton Park FIre Alarm	17,000.00	140.50	17,140.50	17,000.00	140.50	17,140.50	14,986.53	0.00	0.00
Tickford Park Fire Alarm	0.00	161.60	161.60	0.00	161.60	161.60	161.60	0.00	0.00
Summerfield Fire Alarm	0.00	420.16	420.16	0.00	420.16	420.16	420.16	0.00	0.00
Germander Park Fire Alarm	300.00	-952.67	-652.67	300.00	-952.67	-652.67	-652.67	0.00	0.00
Penwith Fire Alarm & Emergency Lighting	1,604.00	42.15	1,646.15	1,604.00	42.15	1,646.15	1,250.27	0.00	0.00
Heelands Fire Alarm & Emergency Lighting	42,000.00	196.70	42,196.70	42,000.00	196.70	42,196.70	36,014.87	500.00	500.00
Wood End Fire Alarm & Emergency Lighting	5,000.00	1,902.43	6,902.43	5,000.00	1,902.43	6,902.43	6,902.43	0.00	0.00
Glastonbury Thorn Fire Alarm/Emerg Light	7,000.00	1,726.93	8,726.93	7,000.00	1,726.93	8,726.93	3,581.13	5,145.80	5,145.80
Merebrook Fire Alarm & Emergency Light	6,000.00	940.84	6,940.84	6,000.00	940.84	6,940.84	3,595.03	3,345.81	3,345.81
Heronshaw Fire Alarm & Emergency Light	0.00	984.60	984.60	0.00	984.60	984.60	984.60	0.00	0.00
Howe Park Fire Alarm & Emergency Lightin	4,000.00	1,293.40	5,293.40	4,000.00	1,293.40	5,293.40	2,897.53	2,395.87	2,393.87
Stantonbury Fire Alarm & Emergency Light	194,000.00	5,130.24	199,130.24	194,000.00	5,130.24	199,130.24	194,038.14	123,788.10	33,788.10
Fire Alarms	118,696.00	0.00	118,696.00	28,696.00	0.00	28,696.00	0.00	0.00	0.00
Portfields School Fire Alarm	7,000.00	1,021.19	8,021.19	7,000.00	1,021.19	8,021.19	5,218.06	2,803.13	2,803.13
Holne Chase Primary School Fire Alarm	6,000.00	1,028.36	7,028.36	6,000.00	1,028.36	7,028.36	4,870.64	2,157.72	2,157.72
Total Fire Alarms	**409,500.00**	**14,407.47**	**423,907.47**	**319,500.00**	**14,407.47**	**333,907.47**	**275,239.36**	**140,136.43**	**50,134.43**
Falconhurst Primary School Heating	0.00	444.98	444.98	0.00	444.98	444.98	444.98	0.00	0.00
Summerfield School Boiler	300.00	0.00	300.00	300.00	0.00	300.00	291.03	0.00	0.00
Stantonbury Block 1 Boiler	1,000.00	0.00	1,000.00	1,000.00	0.00	1,000.00	418.06	200.00	200.00
Two Mile Ash Heating	287,999.45	3,129.84	291,129.29	287,999.45	3,129.84	291,129.29	277,422.18	1,200.00	1,200.00
Knowles Junior School Heating	205,000.00	375.24	205,375.24	205,000.00	375.24	205,375.24	173,979.54	500.00	500.00
Loughton School Heating	300.00	0.00	300.00	300.00	0.00	300.00	74.84	0.00	0.00
Heronsgate School Heating	73,000.00	598.60	73,598.60	73,000.00	598.60	73,598.60	73,598.60	0.00	0.00
Bushfield School Heating	30,000.00	22,235.95	52,235.95	30,000.00	22,235.95	52,235.95	52,235.95	0.00	0.00
Ashbrook School Heating	7,000.00	4,975.01	11,975.01	7,000.00	4,975.01	11,975.01	11,975.01	0.00	0.00
School Boilers & Heating Systems	69,000.00	0.00	69,000.00	69,000.00	0.00	69,000.00	0.00	0.00	0.00
Tickford Park Boiler Replacement P1	76,000.00	349.23	76,349.23	76,000.00	349.23	76,349.23	75,841.74	400.00	400.00
Portfields Boilers	8,000.00	0.00	8,000.00	8,000.00	0.00	8,000.00	1,119.86	6,880.14	6,880.14
Drayton Park Heating	8,000.00	0.00	8,000.00	8,000.00	0.00	8,000.00	3,659.71	4,340.29	4,340.29
Total Heating Installations	**765,599.45**	**32,108.85**	**797,708.30**	**765,599.45**	**32,108.85**	**797,708.30**	**671,061.50**	**13,520.43**	**13,520.43**
Stantonbury Windows & Doors	300.00	14.05	314.05	300.00	14.05	314.05	14.05	300.00	300.00
Stanton Middle School W/D	300.00	0.00	300.00	300.00	0.00	300.00	78.63	0.00	0.00
Russell First School Windows & Doors	0.00	-533.11	-533.11	0.00	-533.11	-533.11	-533.11	0.00	0.00
Windows and Doors	60,000.00	0.00	60,000.00	60,000.00	0.00	60,000.00	0.00	0.00	0.00
Heelands Infant Windows and Doors	64,000.00	11,010.97	75,010.97	64,000.00	11,010.97	75,010.97	75,010.97	0.00	0.00
Downs Barn Windows & Doors	10,000.00	2,485.14	12,485.14	10,000.00	2,485.14	12,485.14	10,332.61	2,152.53	2,152.53
Wyvern School Windows and Doors	6,000.00	1,264.85	7,264.85	6,000.00	1,264.85	7,264.85	7,264.85	0.00	0.00
Germander Park Windows & Doors	6,000.00	0.00	6,000.00	6,000.00	0.00	6,000.00	4,340.07	1,659.93	1,659.93
Long Meadow Windows	6,000.00	0.00	6,000.00	6,000.00	0.00	6,000.00	1,530.87	4,469.13	4,469.13
Total Windows & Doors	**152,600.00**	**14,241.90**	**166,841.90**	**152,600.00**	**14,241.90**	**166,841.90**	**98,038.94**	**8,581.59**	**8,581.59**
Provision of Kitchen & Dining Facilities									
Langland School - Storeroom > Kitchen	985.62	-635.62	350.00	350.00	0.00	350.00	350.00	0.00	0.00

ANNEX B

Project Name	2011/12 Resource Allocation			2011/12 Spend Approval			Total Actuals	Requests for Rephasing to 2012/13	
	Current Resource Allocation	Financing Adjustments	Final Resource Allocation	Current Spend Approval	Financing Adjustments	Final Spend Approval	2011/12 Capital Expenditure	Resource Allocation	Spend Approval
Greenleys School - Kitchen > Kitchen	42,498.68	736.57	43,235.25	42,498.68	736.57	43,235.25	43,235.25	0.00	0.00
Chesnuts School - Kitchen > Kitchen	4,523.72	0.00	4,523.72	4,523.72	0.00	4,523.72	4,481.00	0.00	0.00
Provision of Kitchen & Dining Facilities	34,332.24	-645.73	33,686.51	34,332.24	-645.73	33,686.51	33,686.51	0.00	0.00
Queen Eleanor Kitchen Thermal Upgrade	2,000.00	0.00	2,000.00	2,000.00	0.00	2,000.00	1,799.00	0.00	0.00
Oxley Park - Mini Kitchen	126,250.90	2,493.14	128,744.04	126,250.90	2,493.14	128,744.04	128,744.04	0.00	0.00
Cedars Combined - Preliminaries	32,000.00	-3,500.00	28,500.00	32,000.00	-3,500.00	28,500.00	9,037.78	29,917.61	29,917.61
Knowles Junior Mini-kitchen	44,400.00	-1,495.32	42,904.68	44,400.00	-1,495.32	42,904.68	42,904.68	0.00	0.00
Olney Middle - Mini Kitchen	67,888.75	6,517.42	74,406.17	67,888.75	6,517.42	74,406.17	66,117.42	0.00	0.00
Walton High-Cashless System & New Servry	30,500.00	0.00	30,500.00	30,500.00	0.00	30,500.00	28,577.08	0.00	0.00
Falconhurst School-Mini Kitchen	48,600.00	-11,451.07	37,148.93	48,600.00	-11,451.07	37,148.93	3,486.10	33,662.83	33,662.83
Ousedale Dining Room Environemnt Enhance	8,000.00	-683.74	7,316.26	8,000.00	-683.74	7,316.26	7,316.26	0.00	0.00
Sr Mary Magdekene - Mini Kitchen	0.00	-160.15	-160.15	0.00	-160.15	-160.15	-160.15	0.00	0.00
Provision of Kitchen & Dining Facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Broughton Fields - Mini Kitchen	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Emerson Valley - Mini Kitchen	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Castlethorpe School Ceiling	1,500.00	0.00	1,500.00	1,500.00	0.00	1,500.00	551.53	0.00	0.00
Stantonbury Ceiling	60,000.00	4,503.27	64,503.27	60,000.00	4,503.27	64,503.27	64,503.27	0.00	0.00
Total Internal Works	**503,479.91**	**-4,321.23**	**499,158.68**	**502,844.29**	**-3,685.61**	**499,158.68**	**434,629.77**	**63,580.44**	**63,580.44**
Lavendon School Roofing	145,000.00	6,215.09	151,215.09	145,000.00	6,215.09	151,215.09	151,215.09	0.00	0.00
Hanslope School Roofing	254,000.00	7,543.17	261,543.17	254,000.00	7,543.17	261,543.17	261,543.17	0.00	0.00
Penwith School Roofing	0.00	723.14	723.14	0.00	723.14	723.14	723.14	0.00	0.00
Green Park Fencing	15,000.00	0.00	15,000.00	15,000.00	0.00	15,000.00	11,604.64	0.00	0.00
School Roofs	45,000.00	0.00	45,000.00	45,000.00	0.00	45,000.00	0.00	0.00	0.00
Haversham Village School Roof Replacemnt	7,000.00	343.28	7,343.28	7,000.00	343.28	7,343.28	2,660.54	4,682.74	4,682.74
Queen Eleanor Primary Roof Replacement	7,000.00	1,496.76	8,496.76	7,000.00	1,496.76	8,496.76	8,202.09	294.67	294.67
Glastonbury Thorn Cladding	15,000.00	0.00	15,000.00	15,000.00	0.00	15,000.00	11,976.15	0.00	0.00
White Spire School Fencing	23,207.00	63.00	23,270.00	23,207.00	63.00	23,270.00	23,270.00	0.00	0.00
Greenleys Fencing	25,000.00	178.47	25,178.47	25,000.00	178.47	25,178.47	25,178.47	0.00	0.00
Queensway Centre - Stonework	192,000.00	449.60	192,449.60	192,000.00	449.60	192,449.60	449.60	192,000.00	192,000.00
Tickford Park Roof	6,000.00	0.00	6,000.00	6,000.00	0.00	6,000.00	0.00	6,000.00	6,000.00
Total External Works	**734,207.00**	**17,012.51**	**751,219.51**	**734,207.00**	**17,012.51**	**751,219.51**	**496,822.89**	**202,977.41**	**202,977.41**
Schools Access Iniative (2008/09)	459,641.95	14,450.43	474,092.38	459,641.95	14,450.43	474,092.38	474,092.38	0.00	0.00
Wyvern Secure Access	25,000.00	1,760.49	26,760.49	25,000.00	1,760.49	26,760.49	22,663.89	2,000.00	2,000.00
Pupil Specific Works Programme	20,000.00	28,768.91	48,768.91	20,000.00	28,768.91	48,768.91	48,768.91	0.00	0.00
Client Team Costs	204,000.00	-204,000.00	0.00	204,000.00	-204,000.00	0.00	0.00	0.00	0.00
Total Access Initiative	**708,641.95**	**-159,020.17**	**549,621.78**	**708,641.95**	**-159,020.17**	**549,621.78**	**545,525.18**	**2,000.00**	**2,000.00**
Schools Maintenance Programme - Contingency	171,601.10	0.00	171,601.10	0.00	0.00	0.00	0.00	0.00	0.00
Total Contingency	**171,601.10**	**0.00**	**171,601.10**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Non School Education Priorities	19,882.19	0.00	19,882.19	19,882.19	0.00	19,882.19	11,119.72	0.00	0.00
Harnessing Technology Grant	158,750.00	1,083.94	159,833.94	158,750.00	1,083.94	159,833.94	159,833.94	0.00	0.00
Music Service-Relocate Modular Classroom	59,867.82	1,175.78	61,043.60	59,867.82	1,175.78	61,043.60	35,316.61	20,000.00	20,000.00
Non-Schools Education Properties	40,000.00	0.00	40,000.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Non-School	**278,500.01**	**2,259.72**	**280,759.73**	**238,500.01**	**2,259.72**	**240,759.73**	**206,270.27**	**20,000.00**	**20,000.00**
S106 - Denbigh Liaison Group	54,584.00	0.58	54,584.58	54,584.00	0.58	54,584.58	54,584.58	0.00	0.00
Total Other AMP	**54,584.00**	**0.58**	**54,584.58**	**54,584.00**	**0.58**	**54,584.58**	**54,584.58**	**0.00**	**0.00**

ANNEX B

Project Name	2011/12 Resource Allocation			2011/12 Spend Approval			Total Actuals	Requests for Rephasing to 2012/13	
	Current Resource Allocation	Financing Adjustments	Final Resource Allocation	Current Spend Approval	Financing Adjustments	Final Spend Approval	2011/12 Capital Expenditure	Resource Allocation	Spend Approval
Giffard Park Primary - Extnsns & Adptns	105,745.30	2,326.59	108,071.89	105,745.30	2,326.59	108,071.89	98,360.91	1,000.00	1,000.00
West Bletchley Review - Wellsmead	0.00	-272.95	-272.95	0.00	-272.95	-272.95	-272.95	0.00	0.00
Proposed Middleton Primary School 1FOE	109,000.00	39,907.58	148,907.58	109,000.00	39,907.58	148,907.58	148,907.58	0.00	0.00
West Bletchley Review - Rickley	50,000.00	15,662.63	65,662.63	50,000.00	15,662.63	65,662.63	65,662.63	0.00	0.00
Oxley Park Primary School - Add FOE	0.00	1,660.23	1,660.23	0.00	1,660.23	1,660.23	1,660.23	0.00	0.00
Alterations-Adaptations Wellsmead Infant	71,137.31	3,648.32	74,785.63	71,137.31	3,648.32	74,785.63	71,761.09	1,050.00	1,050.00
Brooklands Farm Primary School Extension	100,000.00	6,828.42	106,828.42	100,000.00	6,828.42	106,828.42	20,531.77	86,296.65	86,296.65
Total Primary - External/Structural Works	**435,882.61**	**69,760.82**	**505,643.43**	**435,882.61**	**69,760.82**	**505,643.43**	**406,611.26**	**88,346.65**	**88,346.65**
New Tattenhoe Park Primary school	40,596.06	1,638.55	42,234.61	40,596.06	1,638.55	42,234.61	26,359.39	15,875.22	15,875.22
New Eastern Expansion Primary School 1	52,730.23	997.02	53,727.25	52,730.23	997.02	53,727.25	997.02	52,730.23	52,730.23
Water Hall New School (Targeted Capital)	58,714.17	1,679.54	60,393.71	58,714.17	1,679.54	60,393.71	13,150.47	40,000.00	40,000.00
Knowles Primary School Amalgamation	30,000.00	5,923.19	35,923.19	30,000.00	5,923.19	35,923.19	12,015.88	23,907.31	23,907.31
Oldbrook Infant School	307,000.00	4,390.33	311,390.33	307,000.00	4,390.33	311,390.33	284,105.74	5,000.00	5,000.00
WCP New Chapter Primary School	-1,603.01	0.00	-1,603.01	-1,603.01	0.00	-1,603.01	-1,603.01	0.00	0.00
WCP Langland Primary School	755,000.00	100,276.90	855,276.90	755,000.00	100,276.90	855,276.90	802,494.06	52,782.84	52,782.84
WCP Falconhurst Primary School	79,000.00	14,280.90	93,280.90	79,000.00	14,280.90	93,280.90	46,610.63	46,670.27	46,670.27
Total Primary - New Build	**1,321,437.45**	**129,186.43**	**1,450,623.88**	**1,321,437.45**	**129,186.43**	**1,450,623.88**	**1,184,130.18**	**236,965.87**	**236,965.87**
YES123 Shenley Brook End Final	0.00	1,198.52	1,198.52	0.00	1,198.52	1,198.52	1,198.52	0.00	0.00
YES132 Ousedale - SSR Extension	20,000.00	1,814.04	21,814.04	20,000.00	1,814.04	21,814.04	17,962.97	0.00	0.00
Lord Grey - Targeted Capital Refurb Proj	42,750.00	6,273.11	49,023.11	42,750.00	6,273.11	49,023.11	49,023.11	0.00	0.00
Walton High School (Addnl 1 FOE)	146,350.30	5,791.52	152,141.82	146,350.30	5,791.52	152,141.82	133,269.03	18,872.79	18,872.79
Walton High Roof Replacement	25,000.00	16,961.25	41,961.25	25,000.00	16,961.25	41,961.25	41,961.25	0.00	0.00
Proposed St Pauls 2FOE	209,000.00	14,183.33	223,183.33	209,000.00	14,183.33	223,183.33	205,853.78	17,329.55	17,329.55
Total Secondary - External/Structural Works	**443,100.30**	**46,221.77**	**489,322.07**	**443,100.30**	**46,221.77**	**489,322.07**	**449,268.66**	**36,202.34**	**36,202.34**
YES127, 142 Oakgrove Secndy S, Middleton	39,636.70	171.64	39,808.34	39,636.70	171.64	39,808.34	29,983.34	0.00	0.00
YES128 New Hazeley Secondary Phase 1	16,000.00	2,241.46	18,241.46	16,000.00	2,241.46	18,241.46	18,241.46	0.00	0.00
YES137 Oakgrove Secondary Middleton Ph 2	10,000.00	0.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00	0.00
YES138 Hazeley Secondary Phase 2	37,170.86	615.31	37,786.17	37,170.86	615.31	37,786.17	33,153.61	0.00	0.00
Oakgrove Secondary Phase 3	522,000.00	4,363.48	526,363.48	522,000.00	4,363.48	526,363.48	340,913.56	185,449.92	185,449.92
Hazeley Secondary Phase 2a & 3	111,000.00	5,282.75	116,282.75	111,000.00	5,282.75	116,282.75	116,282.75	0.00	0.00
Sir Frank Markham Academy	10,000.00	502.52	10,502.52	10,000.00	502.52	10,502.52	911.90	9,590.62	9,590.62
Hazeley Secondary Phase 4	0.00	4,034.46	4,034.46	0.00	4,034.46	4,034.46	4,034.46	0.00	0.00
Proposed CMK Secondary	50,000.00	1,296.31	51,296.31	50,000.00	1,296.31	51,296.31	2,368.65	48,927.66	48,927.66
Total Secondary - New Build	**795,807.56**	**18,507.93**	**814,315.49**	**795,807.56**	**18,507.93**	**814,315.49**	**555,889.73**	**243,968.20**	**243,968.20**
14-19 Stantonbury School	204,000.00	1,785.42	205,785.42	204,000.00	1,785.42	205,785.42	202,588.00	3,197.42	3,197.42
14-19 Denbigh School	338,000.00	4,251.74	342,251.74	338,000.00	4,251.74	342,251.74	339,174.12	3,177.62	3,177.62
14-19 Ousedale School	584,000.00	7,695.15	591,695.15	584,000.00	7,695.15	591,695.15	555,483.71	36,211.44	36,211.44
14-19 Shenley Brook End School	13,000.00	296.26	13,296.26	13,000.00	296.26	13,296.26	11,916.17	1,380.09	1,380.09
Total 14-19 Accommodation Scheme	**1,139,000.00**	**14,028.57**	**1,153,028.57**	**1,139,000.00**	**14,028.57**	**1,153,028.57**	**1,109,162.00**	**43,966.57**	**43,966.57**
Gatehouse Special School	96,000.00	12,874.44	108,874.44	96,000.00	12,874.44	108,874.44	85,084.79	23,789.65	23,789.65
Romansfield Special School	38,000.00	7,945.64	45,945.64	38,000.00	7,945.64	45,945.64	44,843.44	1,102.20	1,102.20
White Spire Special School	154,000.00	15,340.46	169,340.46	154,000.00	15,340.46	169,340.46	135,118.46	34,222.00	34,222.00
Total Special Schools	**288,000.00**	**36,160.54**	**324,160.54**	**288,000.00**	**36,160.54**	**324,160.54**	**265,046.69**	**59,113.85**	**59,113.85**
Galley Hill Education Ctr Hall&Car Park	670.06	763.67	1,433.73	670.06	763.67	1,433.73	1,433.73	0.00	0.00
Galley Hill: Extension of Large Car Park	154,000.00	2,068.81	156,068.81	154,000.00	2,068.81	156,068.81	152,909.28	1,000.00	1,000.00

Project Name	2011/12 Resource Allocation			2011/12 Spend Approval			Total Actuals	Requests for Rephasing to 2012/13	
	Current Resource Allocation	Financing Adjustments	Final Resource Allocation	Current Spend Approval	Financing Adjustments	Final Spend Approval	2011/12 Capital Expenditure	Resource Allocation	Spend Approval
Total Galley Hill	**154,670.06**	**2,832.48**	**157,502.54**	**154,670.06**	**2,832.48**	**157,502.54**	**154,343.01**	**1,000.00**	**1,000.00**
Oxley Park Children's Centre	0.00	-478.00	-478.00	0.00	-478.00	-478.00	-478.00	0.00	0.00
CC305 Furzton Children's Centre	0.00	-33,052.50	-33,052.50	0.00	-33,052.50	-33,052.50	-33,052.50	0.00	0.00
CC306 Grange Farm Children's Centre	0.00	-4,121.86	-4,121.86	0.00	-4,121.86	-4,121.86	-4,121.86	0.00	0.00
The Windmill Children's Centre	0.00	293.00	293.00	0.00	293.00	293.00	293.00	0.00	0.00
Total Sure Start Phase 3	**0.00**	**-37,359.36**	**-37,359.36**	**0.00**	**-37,359.36**	**-37,359.36**	**-37,359.36**	**0.00**	**0.00**
Total C & F - Education, Effectiveness & Participation	**8,356,611.40**	**196,028.81**	**8,552,640.21**	**8,054,374.68**	**196,664.43**	**8,251,039.11**	**6,869,264.66**	**1,160,359.78**	**1,070,357.78**

Project Name	2011/12 Resource Allocation			2011/12 Spend Approval			Total Actuals	Requests for Rephasing to 2012/13	
	Current Resource Allocation	Financing Adjustments	Final Resource Allocation	Current Spend Approval	Financing Adjustments	Final Spend Approval	2011/12 Capital Expenditure	Resource Allocation	Spend Approval
Adoption and fostering service: Building adaptations and car	939.78	0.00	939.78	0.00	0.00	0.00	0.00	939.78	0.00
Extension to Furze House	9,888.04	0.46	9,888.50	9,888.04	0.46	9,888.50	9,888.50	0.00	0.00
Building Adaptations - Foster Care									
Extension to Adoptive Carer Property - A	58,047.00	0.00	58,047.00	58,047.00	0.00	58,047.00	2,233.51	55,813.49	55,813.49
Annex to Adoptive Carer Propety - B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AHDC: Short Breaks Programme	0.00	-4,102.59	-4,102.59	0.00	-4,102.59	-4,102.59	-4,102.59	0.00	0.00
Westminster Drive	81,000.00	89,491.91	170,491.91	81,000.00	89,491.91	170,491.91	89,491.91	81,000.00	81,000.00
Internal Enhancements 135 Jonathans	25,000.00	0.00	25,000.00	25,000.00	0.00	25,000.00	17,889.97	7,110.03	7,110.03
Building Adaptations - Foster Care	41,600.00	0.00	41,600.00	41,600.00	0.00	41,600.00	0.00	41,600.00	41,600.00
Total C & F - Integrated Support & Social Care Group	**216,474.82**	**85,389.78**	**301,864.60**	**215,535.04**	**85,389.78**	**300,924.82**	**115,401.30**	**186,463.30**	**185,523.52**
9 Weak Bridge Deck Edges/Parapet support	78,165.05	-2,247.37	75,917.68	78,165.05	-2,247.37	75,917.68	75,917.68	0.00	0.00
Eaglestone Roundabout Footbridges	4,000.00	-2,444.27	1,555.73	4,000.00	-2,444.27	1,555.73	1,555.73	0.00	0.00
Loughton Bridge Refurbishment	1,008.00	0.00	1,008.00	1,008.00	0.00	1,008.00	0.00	1,008.00	1,008.00
City Centre Footbridge Refurb - Phase 1	2,283.00	-2,283.00	0.00	2,283.00	-2,283.00	0.00	0.00	0.00	0.00
Vehicle Parapet Upgrades Phase 2	5,280.00	-1,175.21	4,104.79	5,280.00	-1,175.21	4,104.79	4,104.79	0.00	0.00
Structl Upgrds Bridg Dec,Edg,Parapet,jts									
Willen Floodspan Strengthening	450,000.00	29,217.97	479,217.97	450,000.00	29,217.97	479,217.97	479,217.97	0.00	0.00
Eaglestone Retaining Wall	199,053.70	906.78	199,960.48	199,053.70	906.78	199,960.48	199,960.48	0.00	0.00
Bridge Approach Safety Barrier Repairs	118,541.00	-7,482.38	111,058.62	118,541.00	-7,482.38	111,058.62	111,058.62	0.00	0.00
Riverside Meadow-Footbridge Replacement	89,100.37	-18,822.21	70,278.16	89,100.37	-18,822.21	70,278.16	41,799.64	28,478.52	28,478.52
Continued Assessment of Bridge Structure	0.00	4,329.69	4,329.69	0.00	4,329.69	4,329.69	4,329.69	0.00	0.00
H6 Canal & Bradwell Brook Strengthening	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Haversham Floodspan Bridge	134,000.00	0.00	134,000.00	134,000.00	0.00	134,000.00	55,553.64	78,446.36	78,446.36
H6 Childs Way Canal Bridge	117,852.00	0.00	117,852.00	117,852.00	0.00	117,852.00	85,382.14	32,469.86	32,469.86
Upgrade/Installation Bridge Approach SB	64,129.00	0.00	64,129.00	50,000.00	0.00	50,000.00	37,753.10	26,375.90	12,246.90
Total Bridges	**1,263,412.12**	**0.00**	**1,263,412.12**	**1,249,283.12**	**0.00**	**1,249,283.12**	**1,096,633.48**	**166,778.64**	**152,649.64**
Stoke Goldington Drainage & Flood Relief	100,000.00	0.00	100,000.00	100,000.00	0.00	100,000.00	97,139.94	2,860.06	2,860.06
Tathall End Flood Alleviation Scheme	100,000.00	0.00	100,000.00	100,000.00	0.00	100,000.00	1,843.71	98,156.29	98,156.29
Stoke Goldington/Tathall End Flood Schem	100,000.00	0.00	100,000.00	100,000.00	0.00	100,000.00	58,850.84	41,149.16	41,149.16
Total Flood Alleviation	**300,000.00**	**0.00**	**300,000.00**	**300,000.00**	**0.00**	**300,000.00**	**157,834.49**	**142,165.51**	**142,165.51**
A428 Warrington C'way Reconstruct	44,789.36	1,257.33	46,046.69	44,789.36	1,257.33	46,046.69	46,046.69	0.00	0.00
Theatre Car Park Refurbishment	11,130.37	48,423.98	59,554.35	0.00	57,880.88	57,880.88	57,880.88	1,673.47	0.00
J14 Area Improvements	37,485.67	-106,705.03	-69,219.36	37,485.67	-106,705.03	-69,219.36	-79,220.05	10,000.69	10,000.69
Carriageway Resurfacing Various	104,312.94	23,083.85	127,396.79	104,312.94	23,083.85	127,396.79	127,396.79	0.00	0.00
Carriageway resurfacing unclassified	955.34	95.53	1,050.87	955.34	95.53	1,050.87	1,050.87	0.00	0.00
MK "Busways"	222,585.71	11,911.54	234,497.25	222,585.71	11,911.54	234,497.25	234,497.25	0.00	0.00
Reshaping Key Parts of MK Rd Network	0.00	3.19	3.19	0.00	3.19	3.19	3.19	0.00	0.00
Renewal of Highway Water Surface Drains	50,000.00	0.00	50,000.00	50,000.00	0.00	50,000.00	40,162.45	9,837.55	9,837.55
Unclasified/Estate Rd resurfacing-Variou	74,887.87	-4,080.89	70,806.98	74,887.87	-4,080.89	70,806.98	70,806.96	0.00	0.00
Surface Dressing	0.00	13,715.71	13,715.71	0.00	13,715.71	13,715.71	13,715.71	0.00	0.00

Project Name	2011/12 Resource Allocation			2011/12 Spend Approval			Total Actuals	Requests for Rephasing to 2012/13	
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Footway Reconstruction Works - Various	107,399.53	-880.30	106,519.23	107,399.53	-880.30	106,519.23	106,519.23	0.00	0.00
Watling Street/Saxon Street - JIS	346,920.16	0.00	346,920.16	346,920.16	0.00	346,920.16	344,746.05	2,174.11	2,174.11
Footway Construction/Resurfacing Schemes	36,000.00	-1,509.48	34,490.52	36,000.00	-1,509.48	34,490.52	34,490.52	0.00	0.00
Non-Principle Rd-Carriageway Resurf Schs	0.00	0.00	0.00	0.00	0.00	0.00	-252.36	0.00	0.00
Unclassified Rd & Town C-Carriage Resurf	257.00	-257.01	-0.01	257.00	-257.01	-0.01	-0.03	0.00	0.00
Improvement & Construction of Rd/Highway	408,760.94	0.00	408,760.94	408,760.94	0.00	408,760.94	370,821.01	37,939.93	37,939.93
Car Parking Improvements	0.00	11,440.42	11,440.42	0.00	11,440.42	11,440.42	11,440.42	0.00	0.00
Redway Reconstruction Schemes	173,974.00	-35,875.11	138,098.89	173,974.00	-35,875.11	138,098.89	138,098.89	0.00	0.00
Principle Roads -Carriageway Resurfacing	185,276.80	-14,696.20	170,580.60	185,276.80	-14,696.20	170,580.60	170,580.60	0.00	0.00
Unclassified Rd -Carriageway Resurfacing	70,150.58	-7,240.18	62,910.40	70,150.58	-7,240.18	62,910.40	62,910.40	0.00	0.00
Footway Reconstruction Schemes-Various	243,209.03	11,855.99	255,065.02	243,209.03	11,855.99	255,065.02	255,065.02	0.00	0.00
Upgrade of Highway Carrier Drains	174,474.00	-36,839.96	137,634.04	174,474.00	-36,839.96	137,634.04	93,031.04	44,603.00	44,603.00
Backway Reconstruction Schemes	62,237.00			62,237.00	41,471.47	103,708.47	103,708.47	0.00	0.00
Non Principle Roads-Carriageway Resurf	173,037.41	1,457.89	174,495.30	173,037.41	1,457.89	174,495.30	174,495.30	0.00	0.00
Upgrade subway underpass pump/Cntrol box	53,619.00	-2,288.22	51,330.78	53,619.00	-2,288.22	51,330.78	51,330.78	0.00	0.00
Surface Dressing	250,000.00	850.68	250,850.68	250,000.00	850.68	250,850.68	250,850.68	0.00	0.00
V10 Brickhill Street-Underpass to OU imp	120,000.00	-26,338.42	93,661.58	120,000.00	-26,338.42	93,661.58	93,661.58	0.00	0.00
Tanfield Square - Re-Design	170,000.00	15,112.40	185,112.40	170,000.00	15,112.40	185,112.40	185,112.40	0.00	0.00
Newport Pagnell Clock	11,500.00	907.58	12,407.58	11,500.00	907.58	12,407.58	12,407.58	0.00	0.00
Total Highways Services	**3,132,962.71**	**-55,123.24**	**3,077,839.47**	**3,121,832.34**	**-45,666.34**	**3,076,166.00**	**2,971,358.32**	**106,228.75**	**104,555.28**
Old Wolverton Rd/Stratford Rd jct Improv	133,000.00	0.00	133,000.00	133,000.00	0.00	133,000.00	121,822.90	11,177.10	11,177.10
Sherwood Drive/Buckingham Rd jnc Improve	219,954.00	0.00	219,954.00	219,954.00	0.00	219,954.00	33,606.30	186,347.70	186,347.70
Station to V7 Redway link	151,723.00	0.00	151,723.00	151,723.00	0.00	151,723.00	74,256.93	77,466.07	77,466.07
Ortensia Drive/Wavendon Gate Redway Link	75,430.00	0.00	75,430.00	75,430.00	0.00	75,430.00	35,027.40	40,402.60	40,402.60
Drayton Rd - Redway and Traffic Calming	176,704.00	14,732.38	191,436.38	176,704.00	14,732.38	191,436.38	191,436.38	0.00	0.00
Total Junction Improvements	**756,811.00**	**14,732.38**	**771,543.38**	**756,811.00**	**14,732.38**	**771,543.38**	**456,149.91**	**315,393.47**	**315,393.47**
CMK Station Approach - PT Interchange	2,171,735.94	94,131.00	2,265,866.94	2,171,735.94	94,131.00	2,265,866.94	1,941,399.32	324,467.62	324,467.62
Wolverton Station	1,768,689.46	0.00	1,768,689.46	1,768,689.46	0.00	1,768,689.46	1,477,677.57	291,011.89	291,011.89
Bus Service Information	192,305.00	-52,093.05	140,211.95	192,305.00	-52,093.05	140,211.95	117,211.95	23,000.00	23,000.00
Rural & Urban Bus Passenger Access	188.40	-188.40	0.00	188.40	-188.40	0.00	0.00	0.00	0.00
Quality Bus Initiative-Bus Routes	73,042.20	-9,873.56	63,168.64	73,042.20	-9,873.56	63,168.64	63,168.64	0.00	0.00
Rural and Urban Bus Stops	214,474.00	150,159.32	364,633.32	214,474.00	150,159.32	364,633.32	364,633.32	0.00	0.00
Quality Bus Initiative-Bus Routes	547,041.00	-15,366.81	531,674.19	547,041.00	-15,366.81	531,674.19	529,953.52	1,720.67	1,720.67
Total Passenger Transport	**4,967,476.00**	**166,768.50**	**5,134,244.50**	**4,967,476.00**	**166,768.50**	**5,134,244.50**	**4,494,044.32**	**640,200.18**	**640,200.18**
Upgrd of Grid Rd,Estate,Redway St Light	0.00	3,162.63	3,162.63	0.00	3,162.63	3,162.63	-10,578.49	2,810.12	2,810.12
Upgrd St Light Column Grid,Estate,Redway	194,479.22	-3,162.63	191,316.59	194,479.22	-3,162.63	191,316.59	177,448.30	24,799.29	24,799.29
Dimming and Trimming	782,000.00	0.00	782,000.00	782,000.00	0.00	782,000.00	765,490.12	16,509.88	16,509.88
Total Street Lighting	**976,479.22**	**0.00**	**976,479.22**	**976,479.22**	**0.00**	**976,479.22**	**932,359.93**	**44,119.29**	**44,119.29**
Pedestrian Facilities - Various	0.00	-21,564.05	-21,564.05	0.00	-21,564.05	-21,564.05	-21,564.05	0.00	0.00
Urban Area Reviews-(Woburn Sands etc)	0.00	-1,000.00	-1,000.00	0.00	-1,000.00	-1,000.00	-1,000.00	0.00	0.00
Lorry Management Strategy Actions	0.00	-2,000.00	-2,000.00	0.00	-2,000.00	-2,000.00	-2,000.00	0.00	0.00
Traffic Management	0.00	11,273.44	11,273.44	0.00	11,273.44	11,273.44	11,273.44	0.00	0.00
Road Safety Schemes	3,821.43	-1,261.72	2,559.71	3,821.43	-1,261.72	2,559.71	2,559.71	0.00	0.00
Cycle & Pedestrian Facilities	119,293.22	79,460.47	198,753.69	119,293.22	79,460.47	198,753.69	198,753.69	0.00	0.00
Plugged in Places	131,721.76	105,117.14	236,838.90	131,721.76	105,117.14	236,838.90	227,964.69	8,874.21	8,874.21

Project Name	2011/12 Resource Allocation			2011/12 Spend Approval			Total Actuals	Requests for Rephasing to 2012/13	
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Street Management									
West Bletchley Traffic Calming	35,000.00	-14,709.14	20,290.86	35,000.00	-14,709.14	20,290.86	19,727.09	563.77	563.77
Traffic Mngmt-Fenny Stratford/Bletchley	15,000.00	9,907.29	24,907.29	15,000.00	9,907.29	24,907.29	24,907.29	0.00	0.00
Stony Stratford Traffic Management	30,000.00	-8,933.80	21,066.20	30,000.00	-8,933.80	21,066.20	21,066.20	0.00	0.00
Wolverton Waiting Restrictions	10,000.00	-3,170.22	6,829.78	10,000.00	-3,170.22	6,829.78	6,829.78	0.00	0.00
Woburn Sands Speed Traffic Calming	19,181.00	-16,693.57	2,487.43	19,181.00	-16,693.57	2,487.43	2,487.43	0.00	0.00
Bow Brickhill-Speed Limit Changes	5,000.00	5,268.12	10,268.12	5,000.00	5,268.12	10,268.12	10,268.12	0.00	0.00
Castlethorpe-Traffic Scheme/Pedestrian	39,000.00	-5,391.98	33,608.02	39,000.00	-5,391.98	33,608.02	33,608.02	0.00	0.00
Newport Pagnell-Signing/Waiting Restrict	7,000.00	-4,529.78	2,470.22	7,000.00	-4,529.78	2,470.22	2,470.22	0.00	0.00
Little Linford Local Centre-Disabled Bay	5,000.00	-4,791.38	208.62	5,000.00	-4,791.38	208.62	208.62	0.00	0.00
Lathbury Gateway Feature/Speed Reduction	11,000.00	1,174.53	12,174.53	11,000.00	1,174.53	12,174.53	12,174.53	0.00	0.00
Newport Pagnell Lndn Rd-Tickfrd Widening	6,215.00	-2,920.45	3,294.55	6,215.00	-2,920.45	3,294.55	3,294.55	0.00	0.00
Caldecotte/Walton Parking Bays & Waiting	10,000.00	-8,702.77	1,297.23	10,000.00	-8,702.77	1,297.23	1,297.23	0.00	0.00
Emberton One-Way Direction Implemntation	10,000.00	-9,582.77	417.23	10,000.00	-9,582.77	417.23	417.23	0.00	0.00
Western Underwood Gateway/Speed Limit	5,000.00	25,788.62	30,788.62	5,000.00	25,788.62	30,788.62	30,788.62	0.00	0.00
Middleton Noon Layer Drive Prkng Rstrict	40,000.00	979.05	40,979.05	40,000.00	979.05	40,979.05	40,979.05	0.00	0.00
North Crawley Traffic Calming/Speeding	5,000.00	-4,791.38	208.62	5,000.00	-4,791.38	208.62	208.62	0.00	0.00
Responsive Schemes -Minor Signing,Lining	49,000.00	154,828.69	203,828.69	49,000.00	154,828.69	203,828.69	203,828.69	0.00	0.00
ITS Improvements-New Controllers,Signing	50,000.00	-31,089.72	18,910.28	50,000.00	-31,089.72	18,910.28	18,910.28	0.00	0.00
MK Bowl CPZ Introduction Feature-Signing	9,000.00	-99.43	8,900.57	9,000.00	-99.43	8,900.57	8,900.57	0.00	0.00
Japonica Lane Junction Improvements	40,000.00	0.00	40,000.00	40,000.00	0.00	40,000.00	6,382.23	33,617.77	33,617.77
Street Safety-Safer Journeys to School	336,927.49	-1,472.13	335,455.36	336,927.49	-1,472.13	335,455.36	335,455.36	0.00	0.00
Street Safety-Accident Reduction Measure	284,911.08	23,782.92	308,694.00	284,911.08	23,782.92	308,694.00	308,694.00	0.00	0.00
Cycling and Pedestrian Facilities	368,949.00	-263,153.22	105,795.78	368,949.00	-263,153.22	105,795.78	105,795.78	0.00	0.00
Total Traffic Management	**1,646,019.98**	**11,722.76**	**1,657,742.74**	**1,646,019.98**	**11,722.76**	**1,657,742.74**	**1,614,686.99**	**43,055.75**	**43,055.75**
Total Highways & Transportation Group	**13,043,161.03**	**138,100.40**	**13,181,261.43**	**13,017,901.66**	**147,557.30**	**13,165,458.96**	**11,723,067.44**	**1,457,941.59**	**1,442,139.12**
Community Parking Fund 2012/13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,276.04	0.00
Community Parking Fund	50,000.00	0.00	50,000.00	50,000.00	0.00	50,000.00	31,048.99	15,000.00	15,000.00
Community Parking Fund									
Woodstock Court-Minstrel Court,Bradville	9,050.00	0.00	9,050.00	9,050.00	0.00	9,050.00	6,356.65	0.00	0.00
Oxford Street, Wolverton	21,614.71	0.00	21,614.71	21,614.71	0.00	21,614.71	5,775.00	15,839.71	15,839.71
Green Park School, Newport Pagnell	125,000.00	0.00	125,000.00	125,000.00	0.00	125,000.00	124,627.00	0.00	0.00
Community Parking Fund									
New Layby at Summergill Court, Heelands	12,000.00	0.00	12,000.00	12,000.00	0.00	12,000.00	11,883.17	0.00	0.00
6 New Parking Spaces Filgrave Rec Ground	18,000.00	-3,542.51	14,457.49	18,000.00	-3,542.51	14,457.49	14,457.49	0.00	0.00
Layby adj Rec, Castlethorpe Rd, Hanslope	27,000.00	-2,485.54	24,514.46	27,000.00	-2,485.54	24,514.46	0.00	24,514.46	24,514.46
Enlrg Car Prk Holmwood First Sch,Gt Holm	36,000.00	-18,431.54	17,568.46	36,000.00	-18,431.54	17,568.46	4,452.39	0.00	0.00
Enlrg Parking Bays Bedford St, Wolverton	7,000.00	-1,025.00	5,975.00	7,000.00	-1,025.00	5,975.00	5,514.30	460.70	460.70
White Line/Carriagway Realgn Findlay Way	22,000.00	-17,854.05	4,145.95	22,000.00	-17,854.05	4,145.95	4,145.95	0.00	0.00
Improved Parking in CMK	10,000.00	0.00	10,000.00	10,000.00	0.00	10,000.00	9,974.22	0.00	0.00
Improved Parking in fishermead	10,000.00	12.62	10,012.62	10,000.00	12.62	10,012.62	10,012.62	0.00	0.00
Pilot Parking Improvements in Coffee Hal	11,000.00	0.00	11,000.00	11,000.00	0.00	11,000.00	500.00	10,500.00	10,500.00
Verge op. 25-41 Nevis Grove,Lakes Estate	0.00	13,573.41	13,573.41	0.00	13,573.41	13,573.41	13,573.41	0.00	0.00

Project Name	2011/12 Resource Allocation			2011/12 Spend Approval			Total Actuals	Requests for Rephasing to 2012/13	
	Current Resource Allocation	Financing Adjustments	Final Resource Allocation	Current Spend Approval	Financing Adjustments	Final Spend Approval	2011/12 Capital Expenditure	Resource Allocation	Spend Approval
Total Community Parking Fund	**358,664.71**	**-29,752.61**	**328,912.10**	**358,664.71**	**-29,752.61**	**328,912.10**	**242,321.19**	**86,590.91**	**66,314.87**
YDA106 Linear Park / Hanson Centre	130,780.00	-130,780.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Improv Queensway & Town Centre Bletchley	0.00	-0.50	-0.50	0.00	-0.50	-0.50	-0.50	0.00	0.00
Newton Blossomville BW Bridge	0.00	-0.62	-0.62	0.00	-0.62	-0.62	-0.62	0.00	0.00
Footpaths in Lscape Care ERLAS	160,000.00	0.00	160,000.00	160,000.00	0.00	160,000.00	159,946.61	0.00	0.00
Stanton Low Country Park	112,957.47	0.00	112,957.47	112,957.47	0.00	112,957.47	79,831.36	33,126.11	33,126.11
Newton Blossomville Bridge	33,375.27	0.00	33,375.27	33,375.27	0.00	33,375.27	21,374.05	12,001.22	12,001.22
Gyosei Canalside Project	62,687.00	0.00	62,687.00	62,687.00	0.00	62,687.00	61,991.89	0.00	0.00
Total Landscape Services	**499,799.74**	**-130,781.12**	**369,018.62**	**369,019.74**	**-1.12**	**369,018.62**	**323,142.79**	**45,127.33**	**45,127.33**
Wolverton Public Open Space Programme	144,235.89	47,420.97	191,656.86	144,235.89	47,420.97	191,656.86	141,656.86	0.00	0.00
Purchase of Hanson Environmental Centre	250,000.00	0.00	250,000.00	250,000.00	0.00	250,000.00	0.00	250,000.00	250,000.00
Total Open Spaces	**394,235.89**	**47,420.97**	**441,656.86**	**394,235.89**	**47,420.97**	**441,656.86**	**141,656.86**	**250,000.00**	**250,000.00**
MK PlayBuilder Project	344,875.78	-4,910.59	339,965.19	344,875.78	-4,910.59	339,965.19	297,007.30	42,957.89	42,957.89
Bradwell Common Local Centre	23,866.68	501.18	24,367.86	23,866.68	501.18	24,367.86	22,171.96	0.00	0.00
Gatewick Lane Play Area, Caldecotte	26,844.23	1,635.41	28,479.64	26,844.23	1,635.41	28,479.64	28,479.64	0.00	0.00
Hopton Grove and Riverside Meadow	44,346.30	197.19	44,543.49	44,346.30	197.19	44,543.49	44,163.29	0.00	0.00
Two Halls Park	68,156.77	0.00	68,156.77	68,156.77	0.00	68,156.77	32,759.61	0.00	0.00
Woughton Community Councl play area prog									
Tinkers Bridge	90,749.00	-4,539.00	86,210.00	90,749.00	-4,539.00	86,210.00	0.00	86,210.00	86,210.00
Beanhill	54,906.23	-5,098.89	49,807.34	54,906.23	-5,098.89	49,807.34	0.00	49,807.34	49,807.34
Total Play Areas	**653,744.99**	**-12,214.70**	**641,530.29**	**653,744.99**	**-12,214.70**	**641,530.29**	**424,581.80**	**178,975.23**	**178,975.23**
New Waste Depot at Colts Holm Rd	133,345.50	0.00	133,345.50	133,345.50	0.00	133,345.50	44,143.75	89,201.75	89,201.75
MK Anaerobic Digester Gas Injection Plnt	0.00	6,413.28	6,413.28	0.00	6,413.28	6,413.28	6,413.28	0.00	0.00
SERCO Graffiti Busting Vehicle purchase	18,200.65	0.00	18,200.65	18,200.65	0.00	18,200.65	18,200.65	0.00	0.00
Total Waste	**151,546.15**	**6,413.28**	**157,959.43**	**151,546.15**	**6,413.28**	**157,959.43**	**68,757.68**	**89,201.75**	**89,201.75**
Total Neighbourhood Services Group	**2,057,991.48**	**-118,914.18**	**1,939,077.30**	**1,927,211.48**	**11,865.82**	**1,939,077.30**	**1,200,460.32**	**649,895.22**	**629,619.18**
Upgrade of Chillers at Civic offices	42,365.75	0.00	42,365.75	42,365.75	0.00	42,365.75	42,108.45	257.30	257.30
Improvement of the Council Chamber	19,189.46	20,871.99	40,061.45	19,189.46	20,871.99	40,061.45	30,091.59	0.00	0.00
Replacements & Improvements Saxon Court									
Saxon Court Roof Works	354,998.00	0.00	354,998.00	354,998.00	0.00	354,998.00	85,937.06	269,060.94	269,060.94
Enhance Lift Saxon Court	75,300.00	0.00	75,300.00	75,300.00	0.00	75,300.00	1,342.00	73,958.00	73,958.00
Total Admin Buildings	**491,853.21**	**20,871.99**	**512,725.20**	**491,853.21**	**20,871.99**	**512,725.20**	**159,479.10**	**343,276.24**	**343,276.24**
YRA126 Local Land and Property Gazetteer	43,686.00	0.00	43,686.00	43,686.00	0.00	43,686.00	26,624.84	17,142.68	17,142.68
ICT Hot Desking	0.00	-368.60	-368.60	0.00	-368.60	-368.60	-368.60	0.00	0.00
Corporte GIS	17,840.64	0.00	17,840.64	17,840.64	0.00	17,840.64	17,759.12	0.00	0.00
New Call Management System	8,357.48	0.00	8,357.48	8,357.48	0.00	8,357.48	0.00	8,357.48	8,357.48
DigitalMK/Telehealth and Avatars	9,825.00	0.00	9,825.00	9,825.00	0.00	9,825.00	9,146.50	678.50	678.50
Telephone Resiliency Project	2,581.65	-1,090.67	1,490.98	2,581.65	-1,090.67	1,490.98	-1,090.67	2,581.65	2,581.65
Business Continuity (Server & Storage V)	153,000.00	0.00	153,000.00	153,000.00	0.00	153,000.00	147,017.56	5,982.44	5,982.44
Virtual Desktop Infrastructure	194,102.00	0.00	194,102.00	194,102.00	0.00	194,102.00	87,669.21	106,432.79	106,432.79
Total ICT	**429,392.77**	**-1,459.27**	**427,933.50**	**429,392.77**	**-1,459.27**	**427,933.50**	**286,757.96**	**141,175.54**	**141,175.54**
Western Expansion Area Common Infrastruc	37,765.43	0.00	37,765.43	37,765.43	0.00	37,765.43	24,863.51	12,901.92	12,901.92
Total Western Expansion Area	**37,765.43**	**0.00**	**37,765.43**	**37,765.43**	**0.00**	**37,765.43**	**24,863.51**	**12,901.92**	**12,901.92**

Project Name	2011/12 Resource Allocation			2011/12 Spend Approval			Total Actuals	Requests for Rephasing to 2012/13	
	Current Resource Allocation	Financing Adjustments	Final Resource Allocation	Current Spend Approval	Financing Adjustments	Final Spend Approval	2011/12 Capital Expenditure	Resource Allocation	Spend Approval
Total Resources - Public Access Group	**959,011.41**	**19,412.72**	**978,424.13**	**959,011.41**	**19,412.72**	**978,424.13**	**471,100.57**	**497,353.70**	**497,353.70**
UCMK Innovation Gateway Phase 1	25,000.00	0.00	25,000.00	25,000.00	0.00	25,000.00	25,000.00	0.00	0.00
Western Expansion Area Land Value Enhanc	15,000.00	-1,592.80	13,407.20	15,000.00	-1,592.80	13,407.20	9,263.44	4,143.76	4,143.76
Design & Manufacture mobil skateab units	4,655.13	1,592.80	6,247.93	4,655.13	1,592.80	6,247.93	6,247.93	0.00	0.00
Bletchley Conservation Area	145,009.42	120,930.24	265,939.66	145,009.42	120,930.24	265,939.66	265,939.65	0.01	0.01
Total Planning, Economy & Development Group	**189,664.55**	**120,930.24**	**310,594.79**	**189,664.55**	**120,930.24**	**310,594.79**	**306,451.02**	**4,143.77**	**4,143.77**
Broughton Pavilion	728,850.32	0.00	728,850.32	728,850.32	0.00	728,850.32	209,750.99	519,099.33	519,099.33
Oxley Park Community Centre	54,104.70	0.00	54,104.70	54,104.70	0.00	54,104.70	1,500.00	0.00	0.00
Wolverton Pool & Associated Facilities	1,428,533.08	174,329.19	1,602,862.27	1,428,533.08	174,329.19	1,602,862.27	1,602,862.27	0.00	0.00
Conniburrow Project-Baseball Provision	84,377.53	0.00	84,377.53	84,377.53	0.00	84,377.53	60,174.90	24,202.63	24,202.63
CMK Community Sports Facility	50,000.00	0.00	50,000.00	50,000.00	0.00	50,000.00	8,692.88	41,307.12	41,307.12
George Street - Bletchley	30,883.44	0.00	30,883.44	30,883.44	0.00	30,883.44	30,883.44	0.00	0.00
Centrecom Enhancements	27,000.00	0.00	27,000.00	27,000.00	0.00	27,000.00	0.00	27,000.00	27,000.00
Total Community	**2,403,749.07**	**174,329.19**	**2,578,078.26**	**2,403,749.07**	**174,329.19**	**2,578,078.26**	**1,913,864.48**	**611,609.08**	**611,609.08**
Libraries MIS Replacement	4,486.72	0.00	4,486.72	4,486.72	0.00	4,486.72	82.80	4,403.92	4,403.92
CMK Library : Meet DDA Requirements	13,517.44	0.00	13,517.44	13,517.44	0.00	13,517.44	12,662.76	854.68	854.68
Central Library Dome & Heating	156,320.26	0.00	156,320.26	156,320.26	0.00	156,320.26	105,294.08	51,026.18	51,026.18
Westcroft Library Relocation & Expansion	28,841.06	0.00	28,841.06	28,841.06	0.00	28,841.06	22,434.81	6,406.25	6,406.25
Woburn Sands Library	142,668.00	0.00	142,668.00	142,668.00	0.00	142,668.00	124,879.10	17,788.90	17,788.90
Total Libraries	**345,833.48**	**0.00**	**345,833.48**	**345,833.48**	**0.00**	**345,833.48**	**265,353.55**	**80,479.93**	**80,479.93**
YSR106 Tattenhoe Park/Pavilion/Drain	1,472.65	0.00	1,472.65	1,472.65	0.00	1,472.65	981.00	491.65	491.65
Bletchley Leisure Centre Redevelopment	7,427.04	0.00	7,427.04	7,427.04	0.00	7,427.04	0.00	7,427.04	7,427.04
Emerson Valley Sports Pavillion	50,125.72	0.00	50,125.72	50,125.72	0.00	50,125.72	20,045.37	30,080.35	30,080.35
Westcroft Pavilion	38,945.60	0.00	38,945.60	38,945.60	0.00	38,945.60	20,789.95	18,155.65	18,155.65
Westcroft Cricket	63,000.00	0.00	63,000.00	63,000.00	0.00	63,000.00	26,077.50	36,922.50	36,922.50
Bletchley RUFC Pavilion Extension	136,753.00	0.00	136,753.00	136,753.00	0.00	136,753.00	136,752.50	0.00	0.00
Bletchley Leisure Centre Car Park Lift	175,000.00	0.00	175,000.00	175,000.00	0.00	175,000.00	5,335.00	169,665.00	169,665.00
Longrigg Centre - Mini Buses	41,595.60	0.00	41,595.60	41,595.60	0.00	41,595.60	41,595.60	0.00	0.00
Total Sports	**514,319.61**	**0.00**	**514,319.61**	**514,319.61**	**0.00**	**514,319.61**	**251,576.92**	**262,742.19**	**262,742.19**
Total Community Facilities Unit	**3,263,902.16**	**174,329.19**	**3,438,231.35**	**3,263,902.16**	**174,329.19**	**3,438,231.35**	**2,430,794.95**	**954,831.20**	**954,831.20**
Carbon Management Programme - Phase 1	172,510.78	0.00	172,510.78	172,510.78	0.00	172,510.78	4,180.30	169,150.48	169,150.48
Renewable Energy Schemes	820.00	0.00	820.00	820.00	0.00	820.00	0.00	0.00	0.00
Renewable Energy									
Simpson School	20,000.00	605.00	20,605.00	20,000.00	605.00	20,605.00	20,601.00	0.00	0.00
Long Meadow School	60,000.00	0.00	60,000.00	60,000.00	0.00	60,000.00	0.00	60,000.00	60,000.00
Total Climate Change	**253,330.78**	**605.00**	**253,935.78**	**253,330.78**	**605.00**	**253,935.78**	**24,781.30**	**229,150.48**	**229,150.48**
Second Crematorium at Crownhill	667,848.80	0.00	667,848.80	667,848.80	0.00	667,848.80	630,915.65	36,933.15	36,933.15
Wolverton Cemetary Subsoil Drainage	70,000.00	0.00	70,000.00	70,000.00	0.00	70,000.00	69,993.75	0.00	0.00
Total Environmental Health	**737,848.80**	**0.00**	**737,848.80**	**737,848.80**	**0.00**	**737,848.80**	**700,909.40**	**36,933.15**	**36,933.15**

Project Name	2011/12 Resource Allocation			2011/12 Spend Approval			Total Actuals	Requests for Rephasing to 2012/13	
	Current Resource Allocation	Financing Adjustments	Final Resource Allocation	Current Spend Approval	Financing Adjustments	Final Spend Approval	2011/12 Capital Expenditure	Resource Allocation	Spend Approval
Total Compliance Unit	**991,179.58**	**605.00**	**991,784.58**	**991,179.58**	**605.00**	**991,784.58**	**725,690.70**	**266,083.63**	**266,083.63**
Improving Information Systems for S.C.	51,264.21	0.00	51,264.21	51,246.21	0.00	51,246.21	20,000.00	31,246.21	31,246.21
IT Business Improvements 2007/08	4,120.46	0.00	4,120.46	4,120.46	0.00	4,120.46	-119.06	4,239.52	4,239.52
IT Business Improvements 2008/09	3,763.02	0.00	3,763.02	3,763.02	0.00	3,763.02	3,218.28	544.74	544.74
Implementation-additionl Keystone Module	21,014.00	0.00	21,014.00	21,014.00	0.00	21,014.00	20,713.86	0.00	0.00
Total Performance Improvement	**80,161.69**	**0.00**	**80,161.69**	**80,143.69**	**0.00**	**80,143.69**	**43,813.08**	**36,030.47**	**36,030.47**
St. Giles Centre of Excellence	4,663.74	0.00	4,663.74	4,663.74	0.00	4,663.74	0.00	4,663.74	4,663.74
Aids & Adaptations	8,063.04	97.57	8,160.61	8,063.04	97.57	8,160.61	8,160.61	0.00	0.00
Health & Safety	6,059.62	240.05	6,299.67	6,059.62	240.05	6,299.67	6,299.67	0.00	0.00
Adaptation to Property-Autistic Spectrum	50,000.00	0.00	50,000.00	50,000.00	0.00	50,000.00	50,000.00	0.00	0.00
Health & Safety in Social Care Buildings	30,000.00	0.00	30,000.00	30,000.00	0.00	30,000.00	23,991.32	6,008.68	6,008.68
Aids and Adaptations	60,000.00	0.00	60,000.00	60,000.00	0.00	60,000.00	37,492.56	22,507.44	22,507.44
Transformation of Adult Social Care	82,234.00	515.30	82,749.30	82,234.00	515.30	82,749.30	82,749.30	0.00	0.00
Total Social Care	**241,020.40**	**852.92**	**241,873.32**	**241,020.40**	**852.92**	**241,873.32**	**208,693.46**	**33,179.86**	**33,179.86**
Total Adult Social Care & Health Group	**321,182.09**	**852.92**	**322,035.01**	**321,164.09**	**852.92**	**322,017.01**	**252,506.54**	**69,210.33**	**69,210.33**
New CCTV Monitoring Room	0.00	-57,279.50	-57,279.50	0.00	-57,279.50	-57,279.50	-57,279.50	0.00	0.00
Total Community Safety	**0.00**	**-57,279.50**	**-57,279.50**	**0.00**	**-57,279.50**	**-57,279.50**	**-57,279.50**	**0.00**	**0.00**
Re-development of Calverton Site	0.00	77,062.78	77,062.78	0.00	77,062.78	77,062.78	77,062.78	0.00	0.00
Fenny Lock Travellers Site	274,238.32	0.00	274,238.32	274,238.32	0.00	274,238.32	199,926.73	0.00	0.00
Total Regeneration	**274,238.32**	**77,062.78**	**351,301.10**	**274,238.32**	**77,062.78**	**351,301.10**	**276,989.51**	**0.00**	**0.00**
Total Housing & Community Group - Regeneration & Community Safety	**274,238.32**	**19,783.28**	**294,021.60**	**274,238.32**	**19,783.28**	**294,021.60**	**219,710.01**	**0.00**	**0.00**
Asbestos Management - Housing Stock	36,997.01	0.00	36,997.01	36,997.01	0.00	36,997.01	0.00	0.00	0.00
Asbestos Management	666,118.99	0.00	666,118.99	666,118.99	0.00	666,118.99	626,172.28	76,943.72	76,943.72
Total Asbestos Management	**703,116.00**	**0.00**	**703,116.00**	**703,116.00**	**0.00**	**703,116.00**	**626,172.28**	**76,943.72**	**76,943.72**
Disabled Adaptations	679,140.00	0.00	679,140.00	679,140.00	0.00	679,140.00	673,794.05	5,345.95	5,345.95
Total Disabled Adaptations	**679,140.00**	**0.00**	**679,140.00**	**679,140.00**	**0.00**	**679,140.00**	**673,794.05**	**5,345.95**	**5,345.95**
Disabled Facilities Grant	0.00	-187.00	-187.00	0.00	-187.00	-187.00	-187.00	0.00	0.00
Disabled Facilities Grant	20,372.49	0.00	20,372.49	20,372.49	0.00	20,372.49	16,876.17	0.00	0.00
Disabled Facilities Grant	842,887.94	35,639.20	878,527.14	842,887.94	35,639.20	878,527.14	793,485.20	88,538.26	88,538.26
Total Disabled Facilities Grant	**863,260.43**	**35,452.20**	**898,712.63**	**863,260.43**	**35,452.20**	**898,712.63**	**810,174.37**	**88,538.26**	**88,538.26**
Decent Homes Programme	55,406.64	-55,000.00	406.64	55,406.64	-55,000.00	406.64	-2,230.54	0.00	0.00
Decent Homes Programme	595,521.36	-9,947.00	585,574.36	595,521.36	-9,947.00	585,574.36	554,878.39	33,333.15	33,333.15
Total Decent Homes Programme	**650,928.00**	**-64,947.00**	**585,981.00**	**650,928.00**	**-64,947.00**	**585,981.00**	**552,647.85**	**33,333.15**	**33,333.15**
Estate Improvement Grants	0.00	-6,511.42	-6,511.42	0.00	-6,511.42	-6,511.42	-6,511.42	0.00	0.00
Total Estate Improvement Grants	**0.00**	**-6,511.42**	**-6,511.42**	**0.00**	**-6,511.42**	**-6,511.42**	**-6,511.42**	**0.00**	**0.00**
CESP Lakes Estate	1,173,965.00	482.97	1,174,447.97	1,173,965.00	482.97	1,174,447.97	229,472.32	944,975.65	944,975.65
Total Housing Regeneration	**1,173,965.00**	**482.97**	**1,174,447.97**	**1,173,965.00**	**482.97**	**1,174,447.97**	**229,472.32**	**944,975.65**	**944,975.65**
Heating System Replacements	0.00	-100,924.04	-100,924.04	0.00	-100,924.04	-100,924.04	-100,924.04	0.00	0.00

Project Name	2011/12 Resource Allocation			2011/12 Spend Approval			Total Actuals	Requests for Rephasing to 2012/13	
	Current Resource Allocation	Financing Adjustments	Final Resource Allocation	Current Spend Approval	Financing Adjustments	Final Spend Approval	2011/12 Capital Expenditure	Resource Allocation	Spend Approval
Heating Installations	4,770,000.00	100,924.04	4,870,924.04	4,770,000.00	100,924.04	4,870,924.04	4,791,969.11	78,954.93	78,954.93
Total Heating Installations HRA	**4,770,000.00**	**0.00**	**4,770,000.00**	**4,770,000.00**	**0.00**	**4,770,000.00**	**4,691,045.07**	**78,954.93**	**78,954.93**
Renovation and Home Repairs Assis Grants	0.00	-724.50	-724.50	0.00	-724.50	-724.50	-724.50	0.00	0.00
Renovation & Home Repairs Grants	0.00	-722.19	-722.19	0.00	-722.19	-722.19	-722.19	0.00	0.00
Total Renovation & Home Repairs Grant	**0.00**	**-1,446.69**	**-1,446.69**	**0.00**	**-1,446.69**	**-1,446.69**	**-1,446.69**	**0.00**	**0.00**
Structural Works	1,140,761.75	-113,221.82	1,027,539.93	1,140,761.75	-113,221.82	1,027,539.93	676,616.92	338,000.00	338,000.00
The Gables, Fire Integrity Improvements	157,000.00	0.00	157,000.00	157,000.00	0.00	157,000.00	153,536.05	3,463.95	3,463.95
Total Structural Upgrades	**1,297,761.75**	**-113,221.82**	**1,184,539.93**	**1,297,761.75**	**-113,221.82**	**1,184,539.93**	**830,152.97**	**341,463.95**	**341,463.95**
Urgent Failing Components	25,950.25	0.00	25,950.25	25,950.25	0.00	25,950.25	0.00	0.00	0.00
Total Urgent Failing Components	**25,950.25**	**0.00**	**25,950.25**	**25,950.25**	**0.00**	**25,950.25**	**0.00**	**0.00**	**0.00**
Window Installations	2,478,520.00	-38,831.18	2,439,688.82	2,478,520.00	-38,831.18	2,439,688.82	2,313,008.82	165,553.26	165,553.26
Total Window Upgrades	**2,478,520.00**	**-38,831.18**	**2,439,688.82**	**2,478,520.00**	**-38,831.18**	**2,439,688.82**	**2,313,008.82**	**165,553.26**	**165,553.26**
Total Housing & Community Group - Housing	**12,642,641.43**	**-189,022.94**	**12,453,618.49**	**12,642,641.43**	**-189,022.94**	**12,453,618.49**	**10,718,509.62**	**1,735,108.87**	**1,735,108.87**
Total Capital Programme	**42,316,058.27**	**447,495.22**	**42,763,553.49**	**41,856,824.40**	**588,367.74**	**42,445,192.14**	**35,032,957.13**	**6,981,391.39**	**6,854,371.10**

ANNEX C

DETAILS OF THE SCHEME ADDITIONS AND SIGNIFICANT AMENDMENTS TO RESOURCE ALLOCATION AND SPEND APPROVAL FOR EXISTING PROJECTS

1. **The new projects submitted for inclusion to the 2012/13 Capital Programme are summarised below:**

   - **Better Bus Area Fund –** Resource allocation and spend approval of £386k is requested in 2012/13 together with resource allocation of £486k in 2013/14. The project will include: develop/expand RTPI; develop smart ticketing; deliver bus based travel planning packs to households and employees (along 4 main corridors); Interchange improvements; and wayfinding to improve walk connections from grid squares to 4 major bus routes. This project is to be funded from the Better Bus Area Fund Grant.

   - **Grafton Street/MK Dons Stadium Junction –** Resource allocation of £250k is requested in 2012/13. The project will design and implement major junction improvement as required by the planning obligation for the Stadium MK expansion and is therefore funded from S106.

   - **Princess Way Toucan Crossing –** Resource allocation of £45k is requested in 2012/13. The project is to install a new signalised pedestrian crossing as required by the planning obligation and is therefore funded by S106.

   - **Purchase of Saxon Court –** The addition of resource allocation and spend approval of £11.6m is requested to be noted following the Cabinet decision on the 20th June 2012 to purchase Saxon Court.

2. **The significant amendments to resource allocation and spend approval for existing projects in 2012/13 are summarised below:**

   - **Fenny Lock –** Following the Council decision on the 18th April 2012, the £1200k funding previously allocated to Fenny Lock Travellers Site has now been removed from the capital programme.

   - **Building of Council Houses –** Spend Approval of £100k is requested in 2012/13 and £2.1m in 2013/14 funded by HRA RCCO and grant income previously allocated to Fenny Lock.

   - **Sheppardswell IPP –** Resource allocation and spend approval has been reduced in 2012/13 by (£116k) with an additional £164k funded from Basic Need being re-phased into 2013/14. One of the elements of the build has now been deemed unfeasible due to structural issues. The alternative has been costed and is more expensive, resulting in the increase to the budget requested.

   - **Milton Keynes Local Broadband Plan –** Resource allocation has been reduced by (£1m) in 2012/13. This has been partially rephased £542k in 2013/14 and £116k in 2014/15 to bring the capital programme in line with suggested procurement timelines from BDUK and the reduction in DCMS funding that has been awarded.

- **Cycling and Pedestrian Facilities –** Resource allocation has been amended to reallocate £79k to specific schemes as followings:

CMK Wayfinding signs extension	£45k
Bignell Croft Barriers	£5k
Cycle Hire Scheme in CMK	£29k

- **Street Safety –** Resource allocation and spend approval is requested to reallocate £183k funding to specific locations.

  The significant areas identified are as follows:

H8 Jnc Trafalgar Ave, West Bletchley	£65k
V3 Jnc Dulverton Dr/Hawkshead Dr	£50k
Casualty Reduction Responsive	£25k
Speed Limit changes (rural)	£12k

- **Safer Journeys to Schools –** Resource allocation and spend approval is requested to reallocate £300k funding to specific locations.

  The significant areas identified are as follows:

Heronsgate	£10k
Portfield	£10k
Southwood School	£13k
Germander School	£15k
Simpson Footway	£20k
Schools '20' zones	£100k
Wig-Wag replacement	£20k
Responsive schemes	£50k

- **Brookside – Hodge Lea –** Spend approval of £20k is requested to carry out civil engineering and surfacing works to an existing access road in order to bring it up to adoptable standard.

- **Parish Parking –** Resource allocation and spend approval is requested to reallocated funding for parish parking to specific locations and to increase the programme to take into account parish match funding contributions.

  The locations are as follows:

Fenny Stratford, Aylesbury St	£40k
Bradwell Village, Loughton Rd	£20k
Castlethorpe Village Centre	£20k
Hanslope	£40k
Olney,off East Street,	£65k
Olney, adj Rugby Club	£50k
Bradville, Harrowden verge	£15k
Greenleys, Pinders Croft	£40k
Wolverton, off Stacey Ave	£15k
Wolverton, Off Furze Way	£15k

- **Community Parking Fund –** Resource allocation is requested to be reduced by £7k to enable works that otherwise would not be classed as capital in nature to be completed in revenue. £15k resource allocation and spend approval is requested for Haywards Croft. These works are funded from a revenue contribution and third party match funding.

- **Upgrade to Exchange 2010 –** Spend approval is requested for £150k funded from single capital pot. Funding will be required to tender for the provision of hardware to support the software implementation of Exchange Server 2010.

- **Capital Investment in Community Capacity –** Resource allocation and spend approval is requested to allocate £804k Dept of Health Grant funding to the following projects for improvements to the community based service:

Disabled Facilities	£300k
Intermediate Care IT Infrastructure	£74k
Sheltered Housing access	£60k
Telecare equipment	£170k
Frameworki integration	£100k
Infrastructure supporting new ways of working	£100k.

ANNEX D TO ITEM 22

Detailed list of changes to the 2012/13 Capital Programme

Scheme	Resource Allocation 2012/13 £	Spend Approval 2012/13 £	Spend Approval not Requested 2012/13 £
2012/13 Capital Programme as agreed at the 20th June 2012 Cabinet	**133,969,779.74**	**59,974,466**	**73,995,314**
Cessation of Fenny Lock Scheme as agreed by Council 18-4-12	(1,200,000)	0	(1,200,000)
Purchase of Saxon Court as agreed by Cabinet 20-6-12	11,600,000	11,600,000	0
Financing Adjustments resulting from 2011/12 programme	(478,920)	(357,989)	(120,930)
Slippage from 2011/12 programme	6,981,391	6,854,371	127,020
Total Resource Allocation and Spend Approval Adjustments	**16,902,472**	**18,096,382**	**(1,193,910)**
Resource Allocation & Spend Approval requests for New Projects			
Highways & Tranportation			
Better Bus Fund	386,000	386,000	0
Grafton Street/MK Dons Stadium Junction	250,000	0	250,000
Princess Way Toucan Crossing	45,000	0	45,000
Total Resource Allocation & Spend Approval requests for New Projects	**681,000**	**386,000**	**295,000**
Resource Allocation Amendments & Spend Approval Requests for Existing Projects			
Children & Families - Education, Effectiveness & Participation			
Shepardswell IPP	(116,000)	(116,000)	0
Heelands IPP	(9,000)	(9,000)	0
Highways & Transportation			
Passenger Transport	(30,000)	0	(30,000)
Bus Service Information	30,000	30,000	0
Central Bletchley & Fenny Stratford	(60,000)	0	(60,000)
Woburn Sands Traffic Calming	(15,000)	1,000	(16,000)
West Bletchley Traffic Calming	(30,000)	0	(30,000)
Emberton-No Entry (except buses)	(7,000)	1,200	(8,200)
London Road/Queen Eleanor St Stony Stratford	(490)	3,500	(3,990)
North Crawley, Crossing & Parking	0	2,600	(2,600)
Caldecotte/Walton Park Parking	(20,000)	0	(20,000)
Willed Parking measures	(15,000)	0	(15,000)
Milton Road/Tanfield Lane	25,000	3,000	22,000
Willen Lake/Newlands Parking Review	15,000	2,500	12,500
Stadium MK Parking Changes	10,000	1,500	8,500
Bradwell Road, Bradville	10,000	1,500	8,500
Bletchley Strategic Parking Signing	10,000	1,200	8,800
Tatenhoe Lane Traffic Calming	5,000	1,000	4,000
Stony Stratford Review	7,490	1,000	6,490
Brooklands Road, Bletchley	20,000	2,500	17,500
Water Eaton Road, Bletchley	15,000	2,000	13,000
Aylesbury St, Fenny Stratford	5,000	1,000	4,000
Newton Road Traffic Calming	15,000	1,600	13,400
Industrial Estates Lorry Parking Review	10,000	1,500	8,500
Cycling and Pedestrian Facilities	(79,000)	0	(79,000)
CMK Wayfinding Signs Extension	45,000	3,000	42,000
Bignell Croft Barriers	5,000	500	4,500
Cycle Storage Schemes - Urban	0	3,000	(3,000)
Cycle Storage Schemes - Rural	0	3,000	(3,000)

Scheme	Resource Allocation 2012/13 £	Spend Approval 2012/13 £	Spend Approval not Requested 2012/13 £
Cycle Hire Scheme in CMK	29,000	2,500	26,500
Redway Signing Upgrade on Priority Routes	0	3,500	(3,500)
Wolverton Redway Wayfinding	0	3,000	(3,000)
Street Safety	(182,600)	0	(182,600)
H8 Jnc Trafalgar Ave, West Bletchley	64,600	64,600	0
H8 Jnc A5130 Kingston Rbt	9,000	9,000	0
V6 Jnc Oldbrook Bvd, Oldbrook	500	500	0
CMK Treatment	2,000	2,000	0
B526 Route Action	9,000	9,000	0
V3 Jnc Dulverton Dr/Hawkshead Dr	50,000	50,000	0
V10 Jcn Kilwinning Drive	500	500	0
Mass Action (roundabout circ markings)	10,000	10,000	0
Casualty Reduction Responsive	25,000	25,000	0
Speed Limit changes (rural)	12,000	12,000	0
Safer Journeys to School	(299,500)	0	(299,500)
Oxley Park (2)	4,000	4,000	0
Glastonbury Thorn	5,000	5,000	0
Summerfield School	2,000	2,000	0
Heronsgate	10,000	10,000	0
Portfield	10,000	10,000	0
Wavendon Gate School	5,000	5,000	0
Kents Hill	1,000	1,000	0
Knowles	5,000	5,000	0
Bradwell Village School	3,000	3,000	0
Olney Middle	2,000	2,000	0
Wyvern (Wolverton)	3,500	3,500	0
Stantonbury Campus	5,000	5,000	0
Southwood School	13,000	13,000	0
Ousedale (NP)	6,000	6,000	0
Brooksward	5,000	5,000	0
Germander School	15,000	15,000	0
Ashbrook	5,000	5,000	0
Simpson (Footway)	20,000	20,000	0
Caroline Haslett	5,000	5,000	0
Zig zag refresh	5,000	5,000	0
School '20' Zones	100,000	100,000	0
Wig-Wag replacement	20,000	20,000	0
Responsive	50,000	50,000	0
Brookside - Hodge Lea	0	20,000	(20,000)
Neighbourhood Services			
Parish Parking	(160,000)	0	(160,000)
Fenny Stratford, Aylesbury St	40,000	40,000	0
Bradwell Village, from 16 Loughton Rd southwards	20,000	20,000	0
Castlethorpe Village Centre	20,000	20,000	0
Hanslope, opp 29/35 Castelthorpe Rd	40,000	40,000	0
Olney,off East Street,	65,000	65,000	0
Olney, adj Rugby Club	50,000	50,000	0
Bradville, Harrowden verge	15,000	15,000	0
Greenleys, Pinders Croft	40,000	40,000	0
Wolverton, off Stacey Ave	15,000	15,000	0
Wolverton, Off Furze Way	15,000	15,000	0

Scheme	Resource Allocation 2012/13 £	Spend Approval 2012/13 £	Spend Approval not Requested 2012/13 £
Community Parking Fund	(22,000)	0	(22,000)
Haywards Croft, Greenleys	15,000	15,000	0
Planning, Economy & Development			
Milton Keynes Local Broadband Plan	(1,000,000)	0	(1,000,000)
Resources - Public Access			
Upgrade to Exchange 2010	0	150,000	(150,000)
Housing & Community Group-Housing			
Buidling of Council Houses		100,000	(100,000)
Adult Social Care & Health Group			
Disabled Facilities Grant	300,000	300,000	0
Improving Information System For SC	74,360	74,360	0
Sheltered Housing enhancements	60,000	60,000	0
Telecare	170,000	170,000	0
Service Redesign	100,000	100,000	0
Development of Infrastructure to support new ways of working	100,000	100,000	0
Total Resource Allocation Amendments & Spend Approval Requests for Existing Projects	**(167,640)**	**1,843,560**	**(2,011,200)**
Revised Capital Programme after Adjustments	**151,385,612**	**80,300,408**	**71,085,204**

MILTON KEYNES COUNCIL

ITEM 23[a]

Minutes of the meeting of the PROCUREMENT COMMITTEE held on WEDNESDAY 6 JUNE 2012 at 5.30 pm

Present: Councillor A Geary (Chair)
Councillors Bald, Dransfield, P Geary and Hopkins

Officers: S Jewell (Assistant Director [IT and E-Government]), D Wilkinson (Assistant Director [Audit and Risk Management]), A Constantinides (Assistant Director [Transport]), M Hancock (Assistant Director [Commissioning]), P McCourt (Assistant Director [Law and Governance]), M Dolling (Head of Capital and Infrastructure), T Hughes (Interim Bridges and Structures Team Leader), M Barby (School Admissions and Transport Manager), C Southern (Corporate Procurement Manager) and J Moffoot (Assistant Director [Democratic Services])

Also Present Councillor Miles

Members of the Public: 0

PC01 MINUTES

RESOLVED -

That the Minutes of the meetings of the Procurement Committee held on 4 April 2012 and 17 April 2012, be approved and signed by the Chair as correct records.

PC02 DISCLOSURES OF INTERESTS

Councillors A Geary and P Geary declared personal and prejudicial interests in Item 11 (Award of Home to School Transport Contracts) as family members of one of the tenderers.

PC03 PROPOSAL TO RETAIN ELECTRIC VEHICLE INFRASTRUCTURE BEYOND 'PLUGGED IN PLACES' PROJECT

The Committee noted that this item had been withdrawn from this meeting.

PC04 HW2 PLANNING AND RESURFACING CARRIAGEWAYS - HW9 PROVISION OF SUPERIMPOSED MARKINGS ON ROADS - HW16 SUPPLY OF ROCK SALT - DECISION TO PROCEED TO TENDER

The Committee considered seeking tenders for the provision of Highways tenders for the planing and surfacing of roads, supply of rock salt and line marking.

RESOLVED -

That the commencement of tender processes for the procurement of planing and surfacing of roads (HW2), supply of rock salt (HW16) and line marking on roads (HW9), be approved.

PC05 INVITATION TO TENDER - H6 CANAL WESTBOUND BRIDGE STRENGTHENING AND REFURBISHMENT

The Committee considered seeking tenders for the provision of safety barriers and a drainage system, and for replacing the sub-standard height parapet, existing waterproofing and joints for the strengthening and refurbishment of the H6 Canal Westbound Bridge.

RESOLVED -

That the commencement of tender processes for the procurement of the strengthening and refurbishment of H6 Canal Westbound Bridge, be approved.

PC06 INVITATION TO TENDER - INCREASING PRIMARY PLACES PROGRAMME, LOUGHTON MANOR FIRST SCHOOL, LOUGHTON

The Committee considered inviting tenders for the capital works associated with the Increasing Primary Places Programme at Loughton Manor First School.

RESOLVED -

That the commencement of tender processes for the procurement of the Loughton Manor First School Increasing Primary Places Scheme, be approved.

PC07 INVITATION TO TENDER - COUNCIL WEB-SITE

The Committee considered inviting tenders for the provision of the Council's web-site and Intranet site.

RESOLVED -

That the commencement of tender processes for the procurement of supplies and services to provide the Milton Keynes Council Web-site and Intranet Site, be approved.

PC08 EXCLUSION OF PUBLIC AND PRESS

RESOLVED -

That the public and press representatives be excluded from the meeting by virtue of Paragraph 3 (Information relating to the Financial or Business Affairs of the Authority) of Part I of Schedule 12A of the Local Government Act 1972, in order that the Committee may consider the following:

(a) Annex to Item 10 (Award of the Contract for Microsoft Office and Associated Client Access Software).

(b) Annex to Item 11 (Award of Home to School Transport Contracts).

(c) Annex to Item 12 (Award of the Contract for Redevelopment Works and New Classroom at White Spire School, Bletchley).

(d) Annex to Item 13 (Award of the Contract for Asset Management Planning Programme 2012/13 - Replacement of Windows and Doors at Germander Park School, Conniburrow).

(e) Annex to Item 14 (Award of the Contract for Asset Management Planning Programme 2012/13 - Replacement / Upgrade of Roof at Drayton Park School, Bletchley).

PC09 AWARD OF CONTRACT FOR MICROSOFT OFFICE AND ASSOCIATED CLIENT ACCESS SOFTWARE

The Committee considered awarding the tender for the supply of Microsoft Office 2010 software and associated client access licences to facilitate remote working.

RESOLVED -

That the contract for the supply of Microsoft Office 2010 software and associated client access licences be awarded to the highest scoring tender in accordance with the Most Economically Advantageous Tender (MEAT) criteria.

PC10 AWARD OF HOME TO SCHOOL TRANSPORT CONTRACTS

The Committee considered awarding tenders for Home to School Transport contracts for a five-year period until July 2017.

RESOLVED -

That the contracts for Home to School Transport be awarded to the highest scoring tenderers in accordance with the Most Economically Advantageous Tender (MEAT) criteria.

(Councillors A Geary and P Geary left the meeting during consideration of this item. Council Hopkins in the Chair.)

PC11 AWARD OF CONTRACT FOR WHITE SPIRE SCHOOL, BLETCHLEY: REDEVELOPMENT WORKS AND NEW CLASSROOM BLOCK

The Committee considered awarding the tender for the provision of capital works for the redevelopment of existing teaching spaces and the building of a new classroom block at White Spire School, Bletchley.

RESOLVED -

That the contract for the provision of capital works for the redevelopment of existing teaching spaces and the building of a new classroom block at White Spire School be awarded to the highest scoring tender in accordance with the Most Economically Advantageous Tender (MEAT) criteria.

PC12 AWARD OF CONTRACT - ASSET MANAGEMENT PLANNING PROGRAMME 2012/13 - GERMANDER PARK SCHOOL, CONNIBURROW: REPLACEMENT OF WINDOWS AND DOORS

The Committee considered awarding the tender for the provision of capital works to replace external windows and doors at germander Park School, Conniburrow

RESOLVED -

That the contract for the replacement of external windows and doors at Germander Park School be awarded to the highest scoring tender in accordance with the Most Economically Advantageous Tender (MEAT) criteria.

PC13 AWARD OF CONTRACT - ASSET MANAGEMENT PLANNING PROGRAMME 2012/13 - DRAYTON PARK SCHOOL, BLETCHLEY: REPLACEMENT / UPGRADE OF ROOF

The Committee considered awarding the tender for the replacement and upgrade of the roofs at Drayton Park School, Bletchley.

RESOLVED -

That the contract for the provision of works to replace and upgrade the roofs at Drayton Park School be awarded to the highest scoring tender in accordance with the Most Economically Advantageous Tender (MEAT) criteria.

PC14 DATES FOR FUTURE MEETINGS

The Committee noted that the future meetings of the Procurement Committee would be held on the first Tuesday of each month at 5.30 pm.

The next meeting was to be held on Tuesday 3 July 2012.

THE CHAIR CLOSED THE MEETING AT 6.00 PM

ITEM **23[b]**

Minutes of the meeting of the PROCUREMENT COMMITTEE held on TUESDAY 3 JULY 2012 at 5.45pm

Present: Councillors Hopkins (Chair), Bald and Bint

Officers: M Hancock (Assistant Director [Joint Commissioning and Infrastructure}), J Moffoot (Assistant Director [Democratic Services]), J Reed (Assistant Director [Housing]), P Sanders (Assistant Director [Community Facilities]), D Wilkinson (Assistant Director [Audit and Risk Management]), D Adib (Head of Contracts – Adult Social Care), P Gibson (Housing Policy & Development Officer), M Hartley (Joint Commissioning Manager, Older People & Physical Disabilities), K Hulatt (Solicitor), C Southern (Head Of Strategic Procurement), P Srinivasan (Senior Solicitor), R Trouse (Programme Manager - Neighbourhood Services), J Tweed (Framework & Surveying Manager) and S Muir (Committee Manager).

Also Present Councillors Miles and Edwards

Members of the Public: 0

PC15 MINUTES

RESOLVED -

That the Minutes of the meeting of the Procurement Committee held on 6 June 2012, be approved and signed by the Chair as a correct record.

PC16 DISCLOSURES OF INTERESTS

None received.

PC17 The Committee noted a report on the advantages of external professional services for school build projects.

PC18 INVITATION TO TENDER - INTERIM RESIDUAL WASTE TREATMENT AND DISPOSAL

The Committee considered seeking tenders for the procurement of interim residual waste treatment services in conjunction with Bedford Borough Council (BBC) and Central Bedfordshire Council (CBC).

RESOLVED -

That the commencement of the tender process for the procurement of an interim residual waste treatment and disposal services in conjunction with Bedford Borough Council (BBC) and Central Bedfordshire Council (CBC), be approved

PC19 INVITATION TO TENDER - WOLVERTON POOL GYM EQUIPMENT

The Committee considered seeking tenders for the procurement of Gym Equipment for Wolverton Pool.

RESOLVED -

That the commencement of the tender process for the procurement of Gym Equipment for Wolverton Pool, be approved.

PC20 INVITATION TO TENDER - MILTON KEYNES SENSORY SERVICE

The Committee considered inviting tenders for the procurement of the Milton Keynes Sensory Service.

RESOLVED –

That the commencement of tender processes for the procurement of the Milton Keynes Sensory Service, be approved.

PC21 INVITATION TO TENDER - OLDER PEOPLE'S DAY CARE SERVICE

The Committee considered inviting tenders for the procurement of Older People's Day Care Services.

RESOLVED -

That the commencement of the tender process for separate and joint tenders for the procurement of Older People's Day Care Services, be approved.

PC22 INVITATION TO TENDER - RENEWAL OF PROFESSIONAL SERVICES FRAMEWORKS

The Committee considered inviting tenders for the establishment of a new three year (with a one year optional extension) call off Professional Services Framework for Architecture and Design incorporating Client Design Advisor services.

The new framework would be available across the Council to provide an alternative procurement option and additional flexibility.

RESOLVED -

1. That the establishment of a new three year (with a one year optional extension) call-off Professional Services Framework for Architecture and Design incorporating Client Design Advisor services, be approved.
2. That the new framework be available for use Council-wide.

PC23 INVITATION TO TENDER - COUNCIL HOUSE BUILDING SELECTION OF DEVELOPMENT AGENT

The Committee considered inviting tenders for the procurement of a Registered Provider to be the Council's development agent for the former Briar Lodge site in Stacey Bushes in Milton Keynes.

RESOLVED -

That subject to the final approval of the Corporate Director Resources, the commencement of the tender process for the procurement of a registered provider to be the Council's development agent for the former Briar Lodge site in Stacey Bushes, be approved.

PC24 EXCLUSION OF PUBLIC AND PRESS

RESOLVED -

That the public and press representatives be excluded from the meeting by virtue of Paragraph 3 (Information relating to the Financial or Business Affairs of the Authority) of Part I of Schedule 12A of the Local Government Act 1972, in order that the Committee may consider Annex to PC 25 (Award of Contract for Domiciliary Care Service).

PC25 AWARD OF CONTRACT FOR DOMICILIARY CARE SERVICE

The Committee considered awarding the tender for the provision of the Domiciliary Care Services - Preferred Providers.

RESOLVED -

That the contract for the Provision of the Domiciliary Care Services - Preferred Provider be awarded to the list of 17 tenderers achieving the required qualification score in accordance with the Most Economically Advantageous Tender (MEAT) criteria.

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THE CHAIR CLOSED THE MEETING AT 6.30 PM