Wards affected: All Wards

ITEM **16**

CABINET

11 JANUARY 2016

REVENUE AND CAPITAL BUDGET MONITORING REPORT - TO END OF DECEMBER 2016

Responsible Cabinet Member: Councillor Middleton (Cabinet member for Resources and Commercialism)

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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 overspend of £2.744m, after the use of £3.863m of one-off resources, (an increase in the overspend of £0.502m since P8).

The Dedicated Schools Grant is reporting a forecast underspend of (£0.174m) against budget (an increase in the underspend of (£0.030m) since P8). The Housing Revenue Account is reporting a (£0.352m) surplus.

The Capital Programme has spend approval of £138.660m. At the end of December the forecast outturn is £119.360m, an overall variation of (£19.300m) against the latest spend approval. This figure includes forecast re-phasing of £19.371m bringing the position to a net overspend of £0.071m. A provision of £1.679m has been set aside to fund the overspend on the A421, which is not included in the reported position.

1. **Recommendation(s)**

1.1 That the forecast outturn position of £2.744m and the management actions currently underway to mitigate this position be noted.

1.2 That the forecast outturn for the 2015/16 Capital Programme, and the management actions underway to address the overspend on the A421 scheme be noted.

1.3 That the treasury activity to 31 December 2015 be noted.

1.4 That the amount written off since the end of September 2015; approve the historic write-off beyond statute of limitations and note the overall debt position for the Council be noted.

1.5 That the forecast outturn position for the Milton Keynes Service Partnership and Milton Keynes Development Partnership be .

1.6 That the movement in the establishment in the last quarter be noted.

2. Corporate Leadership Team (CLT) view on Outturn Position

2.1 CLT are concerned about the increasing demand for children's social care, including the impact of homelessness where costs of placements continue to increase due to lack of availability of low cost housing.

2.2 The Council has made good progress in implementing budget savings with 63% (£14.337m) of the savings being achieved to date and 26% (£5.904m) are forecast to be achieved by the end of 2015/16. The remaining 11% (£2.476m) of savings will either be achieved in future years or mitigated within the service areas (only £0.8m of savings, less than 4%, are undeliverable). This shows a strong position in terms of delivery, but the major issue is the growth in demand for services during the current financial year.

2.3 CLT are continuing to reduce discretionary spending and will seek to implement 2016/17 savings during the current financial year (if appropriate) in order to reduce this forecast overspend over the remaining four months of the financial year.

3. General Fund Forecast Revenue Outturn

Table 1 below shows the provisional revenue outturn figures as at the end of December 2015 as an overspend of £2.744m against the budget.

Table 1: Outturn as at 31st December 2015

	Budget £m	Forecast Outturn £m	Projected Variation £m	Movement from P8 £m
Adult Social Care & Health	60.692	60.702	(0.010)	0.060
Children's Services	50.901	52.599	1.698	0.333
Public Health	10.247	10.247	0.000	0.000
Total People	***121.840***	***123.548***	***1.708***	***0.393***
Housing & Community	0.956	1.800	0.844	0.082
Planning	1.843	1.843	0.000	0.000
Public Realm	33.726	33.745	0.019	0.019
Community Facilities	7.257	7.412	0.155	0.000
Total Place	***43.782***	***44.800***	***1.018***	***0.101***
Total Resources	***5.146***	***5.438***	***0.292***	***(0.008)***
Total Corporate Core	**0.836**	**1.032**	**0.196**	**0.000**
Net Operating Expenditure	***171.603***	***174.817***	***3.214***	**0.502**
Debt Financing	19.118	18.768	(0.350)	0.000
Sustainability Items, levies and one off pressures	11.475	11.475	0.000	0.000
Asset Rentals	(16.256)	(16.256)	0.000	0.000
Outturn position	**185.940**	**186.060**	**2.414**	**0.502**
Less Resources available	**(185.940)**	**(186.060)**	**(0.120)**	**(0.000)**
Net (under)/overspend	**0.000**	**2.744**	**2.744**	**0.502**

Main movements since P8

3.1 Adult Social Care and Health are reporting a movement of £0.060m. The most significant changes since period 8 are as follows:

- Learning Disability Services - Following a review of staffing establishment and vacancies, out of area supported living placements and additional continuing health care funding there is a movement of (£0.548m).
- Mental Health services have placement overspends following the transfer of service delivery from Central and North West London Foundation Trust. This is currently forecast to be £0.415m.
- Intermediate Care - There has been an increase in underspend of (£0.128m) as health funding has been identified to cover agency costs.
- Older People & Physical Disability Integrated Services - The conclusion of a recent ordinary residency court case has resulted in the Council being liable for backdated and ongoing nursing care fees for a client of £0.130m and associated court costs of £0.080m.

3.2 Children's Services are reporting a movement of £0.333m since period 8. The key variations include:

- The placements via external agencies overspend has increased by £0.235m in month, as a result of seven new placements.
- The forecast overspend in Home to School Travel has increased by £0.065m since the previous period due to new requests in November for pupils to receive special education travel and requests being granted through the exceptions and appeals process.
- Agency usage in the Corporate Parenting and Children Social Care Team is now forecast to overspend by £0.200m after taking current vacancies into account. The service has launched a refreshed recruitment campaign and have been able to recruit to some of the vacant posts – these appointments are being progressed.
- Fostering and Adoption is forecast to overspend by £0.082m. There is an overspend of £0.271m which is mainly due to the rise in fostering maintenance payments to in-house carers due to an increase in the number of children coming into care. In addition, there has been an increase in the number of Family and Friends carers. This is partly offset by the sale of adopters for (£0.189m) and this relates to 7 adoptions.

Significant revenue variances against revised budget at P9

3.3 Adult Social Care & Health is reporting an overspend of £0.010m compared to budget. The key variations include:

- An estimated underspend of (£0.284m) for Manor House based on current care needs.

- The Integrated Equipment Service is forecast to overspend by £0.193m. This is due to additional demand on the service.

- There is currently an underspend of (£0.191m) within Older People & Physical Disability Integrated Services. The main variations are in Physical Disabilities: External Support at Home which shows both a reduction in spend due to savings in placement costs (£0.364m) and a reduction in associated client contributions of £0.234m; Direct Payments for Physical Disability clients are forecast to be underspent by (£0.237m) due to contributions from Health; Residential & Nursing Care are forecast to be overspent by £0.230m due to additional placement costs.

- Older People Community Support Service area is forecasting an overspend of £0.339m. This represents additional cost of covering shifts with casual and relief staff to ensure safe service delivery and Additional Work Pattern payments.

- Mental Health services have placement overspends following the transfer of service delivery from Central and North West London Foundation Trust. This is currently forecast to be £0.415m.

- The Learning Disability service forecast outturn is a (£0.524m) underspend. There are staffing underspends of (£0.477m) and additional income from Continuing Health Care.

- Intermediate Care services are expected to underspend by (£0.161m) due to staffing vacancies and the availability of health initiatives' funding towards agency costs.

- The conclusion of an ordinary residency legal case has resulted in court costs and backdated and ongoing nursing home care fees for a client being incurred totalling £0.210m.

3.4 Children & Families are forecasting an overspend of £1.699m (£3.724m before the use of one-off reserves). The key variations including the position reported in paragraph 3.2 above are:

- Placements via external agencies is currently forecasting an overspend of £2.260m. This is due to a significant increase in the overall number of children in care (from 305 as at December 2014 to 349 as at November 2015) due to unavoidable child protection activity and an increase in unaccompanied asylum seeking children who consequently cannot all be placed in in-house local placements. There are currently (end of November) 23 unaccompanied asylum seeking children in external placements. The 19 most expensive placements (none are UASC) are forecast to cost £2.798m for the full year (there are 140 active placements overall). The forecast overspend will be partly offset by a drawdown from demand led reserve (£1.300m) but presents an ongoing pressure in future.

- There are a number of work streams underway to look at reducing the cost pressures including:
    - Increasing adolescent foster care provision
    - Looking at the range and availability of supported lodgings
    - Private sector move on tenancies to enable care leavers who are ready for independent living to move on from supported lodgings.
    - Developing intensive support for older adolescent Children in Care (CiC).
    - Oversee “step down” plans for a small target group of CiC.
    - Reviewing CiC placement commissioning arrangements.
    - Considering the future arrangements of CiC placement services.
- There is a forecast overspend on home to school travel of £1.145m. This is mainly due to an increase in the requirements of SEN eligible children. This pressure has been partially offset by a contribution from the Children’s Demand Led Reserve (£0.725m). A number of management actions are in place to look for ways to reduce costs in future. This includes reviewing the efficiency of routes, reviewing eligibility criteria as well as considering opportunities to reduce costs by promotion of mileage to parents as an alternative option to using contracted transport routes, offering ‘personal budgets’ or discounted bus passes to parents to accompany their children to school.
- There is a forecast overspend of £0.200m due to agency staff. Agency usage in this area relates to children’s social workers and due to the nature of the service, gaps in the establishment have to be filled at all times. The service has launched a refreshed recruitment campaign and have been able to recruit to some of the vacant posts – these appointments are being progressed.
- There is a forecast overspend in the Leaving Care budget of £0.189m. This is mainly due to care leavers who are ready to live independently but remain in expensive supported lodgings because they do not have tenancies to move on to due to a major shortage in local low cost housing hence they are now accessing the leaving care budget. These placements are more expensive than originally budgeted, as previously the leaving care budget would have been accessed by young people in lower cost in-house and block purchased placements.
- Special Education Needs (SEN) and Disability service area is forecast to overspend by £0.149m due to increasing numbers of cases as well as the complexity of children’s disabilities which means funding larger and more expensive packages of care.
- Capital and Infrastructure is forecast to underspend by (£0.133m), as a result of charging additional staff time to capital projects.
- There is a one off income of (£0.100m) health funding in Westminster House as a result of the extension to the placements for 2 young people that would have otherwise left the service.

3.5 Housing and Community are forecasting a net overspend of £0.844m against budget. This is mainly due to Housing Access where temporary accommodation costs are currently forecasting a pressure of £2.044m above budget which will be offset by the use of the Homelessness Demand Reserve (£1.133m) in year, leaving a deficit of £0.911m. This pressure is the result of a continuing increase in homeless acceptances and fewer void council properties into which homeless families can be rehoused. This additional forecast cost is the result of a continuing increase in homeless acceptances (517 in April-November 2015, compared to 455 in April-November 2014) and fewer void council properties into which homeless families can be rehoused (334 in April-November 2015, compared to 526 in April-November 2014).

3.6 The Community Facilities are forecasting an overspend of £0.155m against budget. This is mainly due to £0.119m overspend in Leisure and Community due to delays in awarding the Leisure Contract(s) and delays in transfers of facilities under the Community Asset Transfer Programme due to a number of reasons.

3.7 Resources are reporting an overspend of £0.292m against budget. This is due to:

- Customer Services – The central savings target of £0.4m relating to the Customer Service Programme is unlikely to be fully achieved this year. This is offset by one-off resources.
- Property – the forecast assumes that £0.356m of the savings target for the SMART Property Project will not be achieved this year. Various savings across the service are partially mitigating this.
- Legal – a forecast overspend of £0.150m is due to use of locums to cover vacant posts and payment of market supplements, which is unbudgeted. Further work on the forecast use of locums and the mix of posts in the establishment is underway.

3.8 Corporate Core is reporting an overspend of £0.196m against budget due to the Rugby World Cup. The funding of the costs of staging the Rugby World Cup events is based on both funding within the events reserve and income from the event in terms of ticket sales and parking. Sales achieved were lower than anticipated so it is estimated that the project will require additional funding not covered by reserves, of £0.200m.

3.9 Debt Financing is reporting an underspend of (£0.350m) due to savings in borrowing costs by utilising cash balances in lieu of new borrowing. There is also a reduction of £3.6m due to a change in Minimum Revenue Provision (MRP) calculation for the repayment of pre-April 2008 historic debt liability from 2% reducing balance to 4% straight-line basis, which was approved in October. This saving is all committed to fund one-off pressures in the 2016/17 draft Budget.

4. Budget Savings

4.1 The 2015/16 Council budget included (£21.186m) of savings and (£1.531m) savings brought forward from 2014/15, which were also to be delivered. To date 63% (£14.337m) of the savings have been achieved, and of the remaining savings, 26% (£5.904m) are currently forecast to be delivered. The remaining 11% (£2.476m) of savings will either be delayed until 2016/17 or mitigated within the service areas. This means only £0.8m of savings (less than 4%) are undeliverable.

Table 2: Budgeted savings

	Budgeted Savings in 2015/16 and residual 2014/15	Savings forecast to be delivered		Forecast to be delivered in 2016/17	Undeliverable Savings
		Green	Amber	Red	
	£m	£m	£m	£m	£m
Total	**(22.717)**	**(18.697)**	**(1.544)**	**(1.712)**	**(0.764)**

4.2 The following significant savings will be delayed or not delivered for the following reasons:

- Only £80k of the £480k Housing and Community saving target for the reduction in the use of temporary accommodation will be achieved in 2015/16. It was originally planned to change the allocations scheme in order to accommodate homeless families in council stock instead of temporary accommodation, but the change was called in and a Cabinet decision was made in September to cancel the proposal. As noted above, the level of demand for services has increased and supply of Council housing has fallen. Further actions are being undertaken and are expected to reduce costs; however the current and future projected demand cannot be offset in the short-term.

- Customer Service project savings £0.270m. Savings from the current end to end reviews are currently being quantified, but implementation time means the savings are more likely to be achieved in 2016/17.

- SMART property review savings £0.274m, savings will be delivered from the better management of properties and facilities and rationalising assets.

- Public Realm saving to deliver the reduction in junior concessionary fares concessions to 'half fare' £0.704m is forecast to be partially achieved in year £0.587m. The remaining saving £0.117m has not been fully realisable due to delayed implementation but will be achieved in 2016/17, where the full year effect of the reduced concessions will take effect.

- Public Realm saving from increased employee parking charges of £0.498m is unachievable in 2015/16 due to the delay in decreases to employee parking discounts. This will be mitigated from the use of one-off funding in 2015/16, as included in the 2015/16 Budget.

Impact on General Fund Balance

4.3 If the forecast outturn remains unchanged to the end of the financial year the General Fund balance will be:

Table 3: General Fund Balance 2015/16

	Forecast Outturn £m
General Fund balance at 1st April 2015	**(8.886)**
Contributions to 2015/16 Budget (approved as part of the budget setting process)	0.238
Forecast underspend in 2015/16	2.744
Drawdown from Risk Reserves (approved as part of 2015/16 budget setting process)	(1.100)
Estimated General Fund Balance at 31st March 2016	**(7.004)**

5. **Dedicated Schools Grant (DSG)**

5.1 The Dedicated Schools Grant is a ring-fenced grant paid to local authorities and largely delegated to schools through their individual school budgets. The Governing bodies of schools are responsible for their income and expenditure and Dedicated Schools Grant is therefore not available to support the Council's General Fund.

5.2 The Dedicated Schools Grant is reporting a forecast underspend of (£0.174m) against budget. This is an increase in underspend of (£0.030m) since period 8. The surplus will be carried forward to the next financial year.

5.1 Overall the underspend of (£0.174m) is due to a number of offsetting factors, the main ones being; a reduction in Independent School fees and Independent College places based on the number of filled places (£0.760m), additional growth fund payments due to additional places being agreed £0.419m, additional top up payments for high needs pupils £0.389m and £0.117m more DSG income than originally forecast.

6. **Housing Revenue Account (HRA)**

6.1 The HRA is reporting a (£0.352m) surplus. This includes £0.976m spend on block improvements and repairs works, offset by a contribution from the HRA Block Improvement/Regeneration reserves, and the Regeneration project costs of £0.340m, offset by a contribution from the Regeneration reserve. £0.168m of repairs reserves that are no longer required and have been released back into the HRA.

6.2 There has been a reduction in income of £0.119m largely due to an £0.198m reduction in garage income, since more garages have transferred to the General Fund than expected.

6.3 The main variations not funded by earmarked reserves are:

- (£0.139m) underspend on Repairs and Maintenance which is made up of:
  - £0.225m on the demobilisation of the partnering contract with the incumbent contractor due to dilapidations. There will also be an additional pressure of £0.200m in 2016/17. There is also a risk of additional costs relating to the fleet; the service has established that the worst case scenario will cost £0.156m but work is continuing with the contractor to reduce this.

- £0.197m legal costs (for both parties) on the disputed asbestos contract. In addition the disputant is likely to claim for damages but it is not possible to estimate a figure at this stage. A provision has been set aside for this from savings on the asbestos revenue works budget.
- (£0.505m) saving on External Decorations due to the deferral of the in-year programme as a result of the revised asset management strategy and the regeneration program, as well as the release of a reserve that is no longer required.

- It was estimated when the 2015/16 HRA budget was approved that overhead charges would reduce by £0.238m. However, the relative reductions in other service areas mean that the proportional charge to the HRA has not reduced as originally estimated. The HRA needs to accommodate the full amount. This is been achieved by reducing the contribution to reserves and the revenue contribution to capital.
- (£0.173m) increased interest receivable due to higher return on investment, higher Major Repairs Reserve and slower pace of Regeneration.
- (£0.235m) saving on Interest: (£0.107m) on prudential borrowing as this will now be covered by RTB receipts debt allowance element, and (£0.128m) from a combination of reduction in Consolidated Rate of Interest and use of RTB pooling debt allowance.
- The contribution to the provision for bad debts is lower than budgeted (£0.358m) as tenant debt levels continue to remain below budgeted levels as a result of focused work to improve income collection and the delay in rollout of Universal Credit, which is now expected to impact next year rather than this year.
- Additional rent income due to low void levels (£0.149m) (budget assumed 93, actual is running at 60 – however this also impacts on the General Fund need to accommodate people in temporary accommodation).
- £0.198m reduced income on garage rents reflecting the asset transfer move of properties to the General Fund. More garages were transferred than originally expected.

6.4 The HRA balance at December 2015 is £4.921m. This continues to be in line with the Prudent Minimum HRA level of £4.500m.

Table 4: HRA Outturn Summary

	2015/16 Budget £'m	**Period 9 £'m**	**Variance £'m**
Uncommitted reserve b/f	(4.569)	(4.569)	0.000
Net (surplus)/deficit in year	0.000	(0.352)	(0.352)
Uncommitted reserve c/f	**(4.569)**	**(4.921)**	**(0.352)**
Prudent Minimum HRA level		[redacted]	

7. **Capital**

7.1 This report monitors against Spend Approval of £138.660m. At the end of December the forecast outturn is £119.360m, an overall variation of (£19.300m) against the latest Spend Approval. This figure includes forecast re-phasing of £19.371m bringing the position to a net overspend of £0.071m.

7.2 **Table 5: Summary of capital expenditure as at 31st December 2015**

Directorate	Latest Spend Approval	Forecast Spend as at 31/12/15	Variation Over /(under) Spend Approval	Re-phasing	Net Overspend
	£m	£m	£m	£m	£m
People	69.514	66.482	(3.032)	2.220	(0.812)
Place	62.631	48.562	(14.069)	14.952	0.883
Resources	6.515	4.316	(2.199)	2.199	0.000
Total	**138.660**	**119.360**	**(19.300)**	**19.371**	**0.071**

7.3 The key overspend is within Place, where the A421 Pinch Point project is forecasting an overspend of £1.693m, this is the only project classed as red within the RAG rating below. A provision has been set aside to cover the forecast overspend, however so that the true overspend is visible, the funding will not be allocated to the project until the final costs are known. The A421 overspend, which equates to 10% of the total resource allocation for the scheme, is mainly due to two main issues; the urgency required to secure the Pinch Point funding and the drainage elements of the scheme. The drainage elements of the scheme were contracted on a contingency basis which once fully designed, utilised the entire contingency. Subsequent unexpected events, outside of MKC control, resulted in significant delays and consequentially additional costs for which no contingency was available.

7.4 A number of compensation events and early warning notices from the contractor have yet to be agreed, together with settlement of various final accounts with utilities. These claims may impact on the final cost of the scheme

7.5 The Transport Programme has been re-aligned to reduce Resource Allocation and create a provision for the potential overspend of this project. Other work is being investigated to establish if any of the additional costs of the scheme can be recovered from third parties.

7.6 Excluding the A421 Pinchpoint project, the overall position on Place is a net underspend of (£0.810m). The major variations are within the HRA capital programme with underspends for the Conversion of 66/70 High St, Three Garage sites and Windows Upgrades as detailed below.

7.7 In People the net underspend is (£0.812m), the major variations are underspends on Knowles Amalgamation, Brooklands Primary 2 and Oakgrove Secondary as detailed below.

7.8 The major forecast underspends are:

- **Knowles Amalgamation 1 Form of Entry**, (£0.237m), final phase of project completed, funding will be used for other education schemes.

- **Brooklands Farm Primary School 2**, (£0.213m), final phase of project, school now open, funding will be used for other education schemes.

- **Oakgrove 2 Forms of Entry,** (£0.119m), project completed, funding will be used for other education schemes.

- **Conversion of 66/70 High Street, Two Mile Ash**, (£0.201m), based on prices bid through tendering process, started on site September, to complete mid-January 2016.

- **Three Garage sites, West Bletchley,** (£0.138m)**,** all three sites completed, funding will be retained within Housing.

- **Window Upgrades,** (£0.360m), majority of leaseholder work has now been agreed, the underspend is due to volume of work being lower than anticipated as a number of leaseholders have already replaced their windows. Also the costs of the work and associated costs of access equipment are lower than originally modelled.

7.9 Major Re-phasing items:

Re-phasing occurs twice during the year, June and September monitoring, the below subsequent re-phasing will be processed during year end closure of the accounts:

- **Kent's Hill Secondary and Special School,** (£0.931m), planning application has been submitted and decision expected February 2016 to enable works to start on site April 2016, delivery of project still planned for August 2017.

- **Investment in Parking,** (£9.000m), original multi storey car park not to be progressed, additional parking spaces have been created by reviewing the current parking scheme and alternative new off street provision will be explored further**.**

- **Future Working Programme,** (£1.779m), main contract has been awarded and work will commence in Civic building January 2016, this is slightly later than originally planned however December 2016 is still the planned completion date.

- **Investment in Temporary Accommodation,** (£4.500m), project to purchase houses will take approximately eighteen months to complete**.**

7.10 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:

RAG rating	Definition	No of Projects in Category
Green	All key criteria will be achieved. Risks are being actively managed	37
Green/ Amber	One of the key criteria cannot be delivered within tolerance; project risks are being managed.	14
Red/ Amber	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. Risks need to be escalated.	1

8. **MK Tariff Resource Allocation – 2015/16**

8.1 The Tariff investment programme for 2015/16 has spend approval of £25.200m with a forecast outturn of £25.014m. The schemes in this programme are largely contributions to wider schemes which are delivered by MKC and/or External partners.

9. **Section 106 (S106) Funding**

9.1 S106 funding is a key resource in supporting the Council to mitigate the impact of growth. The reductions in government funding mean the use of S106 funding must be managed carefully to address both local and strategic needs. Developer Contributions (S106) are included in the Capital Programme or to fund projects which meet the specification outlined in the S106 agreement.

9.2 The S106 funding received from Developers is often a contribution toward total project costs. As appropriate schemes are developed through the Capital Programme processes, these resources are used towards the delivery of the full project.

9.3 The development of the capital programme has incorporated consideration of S106 funding, so resources are used in the most effective manner to address necessary schemes. This process has also included reviewing unidentified funding to ensure that this is allocated to future projects. In some areas work is still ongoing to identify the individual scheme and future allocations will be updated as individual schemes are developed.

9.4 £28.4m of S106 funding has been allocated within the Capital Programme from 2015/16 to 2020/21. Of this funding, £14.9m has been received as cash whilst £13.5m is yet to be received from S106 agreements that are already signed and implemented. £10.1m has been taken in year to fund capital projects with further amounts due in year.

9.5 In addition to capital allocations there is approximately £4.46m of S106 allocated to revenue, this includes the following:

- £1.92m for Public Transport (bus services)
- £0.023m for Play Areas

- £0.034m for Waste Receptacles projects
- £2.25m for Open Space and Play Area Maintenance
- £0.023m for Public Art
- £0.140m for Playing Fields Maintenance

9.6 A further £8.29m has been earmarked to projects. These include projects that are being initiated but do not yet have capital approval, parish and town council projects and other revenue projects awaiting approval.

9.7 The remaining balance of £20.01m is broken down into approximately 200 individual S106 contributions, covering more than 350 individual projects.

Table 5: Summary of the S106 Available for Allocation

Service / Works	**Amount**	**Notes**
Carbon Offsetting	£1.05m	For carbon offsetting measures borough wide.
Education	£6.1m	For specific education projects, some which have been identified but not yet programmed.
Environmental Services	£2.25m	Majority for Open Spaces. Some for Play areas and specific maintenance projects.
Highways	£1.8m	Includes £0.31m for highway works at the Stadium and £0.664m for CMK and £0.392m for Oakgrove
Leisure	£2.89m	Includes £0.911m for 13 different community halls, contributions to playing fields, libraries, sports halls and swimming pools
Miscellaneous	£1.07m	Includes £0.251m for Bletchley which needs Development Control Committee (DCC) approval.
Public Art	£1m	Covers 17 Public Art projects across MK
Public Transport	£1.21m	Funding for bus infrastructure – projects to be identified.
Social Infrastructure	£2.64m	200 individual contributions making up this fund. A large proportion of this funding will go externally to services such as the NHS, College and University, Voluntary Sectors and Emergency Services.
Total	£20.01m	

9.8 It is anticipated that a significant amount of the above will be allocated or earmarked to projects (both revenue and capital) in the 2015/16 financial year.

10. Establishment Reporting

10.1 The total establishment at the end of December 2015 is 2,028.37 FTE, a decrease of 6.46 FTE since September 2015.

11. **Treasury Management**

11.1 The key Treasury Management headlines reported at P9 are as follows:

- Investment income returns were 0.75%, which outperformed the benchmark 3 month LIBID (a measure of inter-bank lending rates) by 21 basis points;
- No debt rescheduling was undertaken during the last quarter;
- No new borrowing for capital purposes was undertaken during the quarter;
- The Prudential Indicators all remain on track.

11.2 Further information on Treasury Management is attached as an **Annex**.

12. **Debt Position**

12.1 The table below provides details of the aged debt analysis for the Council, General Debtors (including Social Care debt) and Property as at 30th November 2015. (Housing Debts, Council Tax, Non Domestic Rates and Housing benefits are detailed in paragraphs 12.5-12.9 below).

12.2 Any debt which has payment plans or are being actioned in some way, either with the court/bailiffs or under further investigation have been removed from this table. These debts are reviewed regularly and will become part of the Council's total debt position if the recovery plan falls through.

	Total Debt £m	**0-90 days overdue £m**	**91-365 days overdue £m**	**365+ days overdue £m**
General Debtors	3.8	2.0	0.9	0.9

12.3 The total debt billed to date in 2015/16 is £40.3m.

12.4 The Council has adopted an Income and Collection policy which sets a framework for the consistent and sensitive approach to collecting debt whilst at the same time ensuring that income collection is maximised. To meet this objective the corporate debt recovery team has been put in place to centralise resources and maximise collection. The team's aim is to collect debt more promptly and thereby reduce the amount of 'old' debt that the Council carries.

12.5 Both Council Tax and NDR collection rates are closely monitored by service managers and performance against target is communicated to staff daily. There can be logical reasons for the variation to target i.e. the direct debit dates fall on a weekend or the reasons are intrinsically linked to initiatives that the service is undertaking for example trying to prevent business rates avoidance in the future. At present forecasts are close enough to target to suggest that the outturn will be on track overall, although NNDR figures can be impacted by large properties being added to the rating list late in the financial year. The table below provides details on the Council Tax and Non Domestic Rates debt for 2015/16 at 30 November 2015.

	Net collectible debit (In year) £m	Amount collected to date £m	Collection rate(to date) %	Collection target (to date) %
Council Tax	117.5	91.1	77.14%	76.54%
NDR	162.1	119.7	73.82%	74.30%
Total	**279.6**	**210.8**		

12.6 The Housing Revenue Account (HRA) total debt figure on the table below is for the total debt outstanding rather than the total debt raised in the year, unlike Council Tax and NDR in table above

12.7 On 1 October 2015 a number of assets were transferred from HRA to MKC (GF Housing and MKC commercial). These assets were made up of hostels, garages and some commercial properties and these transferred assets are now shown separately within the monthly figures.

	Total billed to date £m	Total Debt Outstanding £m	0-90 days overdue £m	91-180 days overdue £m	181+ days overdue £m
HRA Housing Debts (SX3)	40.17	3.88	1.27	0.86	1.74
GF/MKC debt	1.56	0.34	0.26	0.05	0.03

12.8 HRA debt levels overall continue to fall and have been driven by the restructured Housing Management teams and debt management processes. However, the introduction of the Universal Credit in Milton Keynes later this year creates a significant risk to collection rates and it is unlikely that performance levels will remain at this level, in the initial roll out phases of the changes.

12.9 Housing Benefit overpayments collection is intrinsically linked to DWP guidelines and their recovery rates are set. MKSP staff are working to minimise overpayments. The table below provides details on the Housing Benefits Overpayments for the prior and current year.

	Total paid out to date £m	Current year Debt £m	Total Debt £m
Housing Benefits	68.3	1.86	4.78

13.

14. **Debt Write offs**

The total amount of debt written off to 30 November 2015:

Total debt written off 2014/15	Debt type	Debt Raised	Total debt written off 2015/16
£'m		**£'m**	**£'m**
0.334	HRA Housing Debt	40.172	0.222
	GF/MKC Debts	1.560	0.002
0.321	Housing Benefits	1.865	0.180
0.433	Council Tax	117.545	0.229
0.907	Non Domestic Rates	162.126	0.791
0.184	General Debtors	40.321	0.345
2.179	**Total**	**512.198**	**1.769**

14.1 The write offs above have already been actioned in line with the Financial Scheme of Delegation. However, there are three write offs over £0.020m, which are being reported to Cabinet for information. All of these are companies which are in liquidation so there is no option but to write off the debt, in accordance with approved Financial Regulations. The debts are as follows:

- Business rates relating to Jesus Celebration Centre of Worship Ltd £0.086m – The rates were for the period from 23rd May 2012 to 7 July 2015. The company went into liquidation 8th July 2015.
- Business rates relating to Exeat T Ltd £0.073m – The debt rose over 7th July 2014 to 30th November 2014. The company went into liquidation on 6th August 2015 when it was deemed that the debt was unrecoverable and written off.
- Business rates relating to Northern Quest Data Ltd £0.82m - The rates were for the period from 22nd July 2013 to 19th March 2014 and cover three properties held by Northern Quest Ltd. The company went into liquidation 24th March 2015.

There is also a write off over £20,000 requiring Cabinet approval. The debt is for £0.135m and relates to the Council's costs of decontaminating a piece of land in North Crawley in 2002. Under the statutory process by which the decontamination took place, (s.80 of EPA 1990) the costs were meant to have been secured by a charge on the land but the Council's ability to put the charge in place and/or enforce payment of the costs is hampered: in law, by a longstanding and as yet unresolved appeal against the notice which originally sought to impose the charge.

The legal department is seeking to dispose of this appeal, but even if that concludes in the Council's favour, there are practical issues (see below):

- The small value of the land relative to the amount of costs that the Council is seeking to recover. Attempts by the landowner to increase its value through a change of planning use have not succeeded. Alternatively, attempts to negotiate a transfer of the land to the Council by way of settlement of the debt have not succeeded.

15. **Milton Keynes Service Partnership (MKSP)**

15.1 The table below shows the financial position for the Milton Keynes Service Partnership as at the end of November 2015.

	Revised Budget	Forecast Outturn	Projected Variation
	£'m	£'m	£'m
Total Income	(25.554)	(26.692)	(1.138)
Total Expenditure	25.554	26.556	1.003
Net Expenditure	**0.000**	**(0.136)**	**(0.136)**
Transfer to/(from) Reserves	0.000	0.136	0.136
Total	**0.000**	**0.000**	**0.000**

15.2 Milton Keynes Service Partnership is reporting a net underspend of (0.136m), this is after the use of one-off reserves of (£0.796m). This forecast includes meeting redundancy and one-off project support costs, including the review of the partnership.

16. **Milton Keynes Development Partnership (MKDP)**

16.1 The table below shows the Milton Keynes Development Partnership financial position as at the end of November 2015.

	Budget	Forecast Outturn	Projected Variation
	£'m	£'m	£'m
Management Overheads	0.924	0.988	(0.064)
Asset Management Costs	(1.074)	(1.133)	(0.059)
Car parking	(0.311)	(0.367)	(0.056)
Contributions to MKC	0.205	0.205	0.000
Net position for MKDP	**(0.256)**	**(0.306)**	**(0.050)**
Transfer to/(from) Reserves	0.256	0.306	0.050
Total	**0.000**	**0.000**	**0.000**

16.2 The variance is due to lower than expected site preparation costs and development brief costs (£0.050m).

17. **Annex to this Report**

ANNEX	Treasury Management report at December

18. **Implications**

18.1 Policy

The recommendations of this report are consistent with the Council's Medium Term Financial Plan.

18.2 Resources and Risk

Where significant risks are known they are highlighted in this report.

Capital implications are fully considered throughout the report. Revenue implications as a result of capital schemes 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

18.3 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.

18.4 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.

18.5 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: 2015/16 Revenue Budget and Capital Programme as approved by Council in February 2015