Cabinet report

milton keynes council

15 December 2020

General Fund Revenue, Housing Revenue Account, Dedicated Schools Grant and Capital Programme Forecast Outturn Report for Quarter 2

Name of Cabinet Member	**Councillor Rob Middleton** Cabinet member for Resources
Report sponsor	**Steve Richardson** Director for Finance and Resources
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Exempt / confidential / not for publication	**No**
Council Plan reference	**1 – "A Balanced Budget"**
Wards affected	**All wards**

Executive Summary

This report sets out the 2020/21 Quarter (QTR) 2 forecast outturn for the General Fund (GFRA); Dedicated Schools Grant (DSG); Housing Revenue Account (HRA) Capital Programme and Tariff Programme; based upon income and expenditure as at 30 September 2020.

The financial impact of the pandemic still cannot be fully understood. The level of uncertainty over the wider economic and social impacts and behavioural changes are yet to be felt. The Council has modelled 3 different scenarios to illustrate the scale of the financial impact that the Council could face in 2020/21 and over the medium term. This report is based on the medium impact.

For 2020/21 based on the current level of financial support provided by government these scenarios provide an estimated financial position of between £1.859m underspend and £3.441m overspend.

Using the Medium Scenario, we are currently forecasting a General Fund underspend of £0.182m. Whilst there is an underspend of £1.018m of non-COVID-19 related income and expenditure, the forecast includes £19.029m of additional COVID-19 costs and loss of income, £28.783m of additional Government Grant funding and £10.590m of estimated loss of income on the Collection Fund.

The Housing Revenue Account (HRA) forecast outturn is £0.517m underspend, which will be offset by an increase in the planned level of Revenue Contribution to Capital (RCCO).

The Dedicated Schools Grant (DSG) is forecasting an improved position with an estimated surplus carry forward £2.564m rather than estimated budgeted surplus of £1.937m.

Public Health budget is forecasting an underspend of £0.403m which will be transferred to the Public Health reserve.

The Capital Programme is reporting an in year underspend of £16.556m, of which £19.872m is planned to slip to later years, leaving an in year overspend of £3.316m. The total project cost is currently forecast to be £0.244m underspent after funding is brought forward from future years.

The report also includes recommendations to amend the 2020/21 Capital & Tariff Programmes, details of which are included in **Annex's M & N**.

1. Decisions to be made

1.1 That the GFRA forecast outturn of £0.182m underspend be noted, together with the management actions set out at **Annex A** of this report.

1.2 That GFRA planned savings of £3.768m savings will be achieved (87% of budget) be noted, which is set out in **Annex B** of this report.

1.3 That the forecast outturn on the HRA is break even, after an increase in the transfer to reserves be noted, together with the management actions set out at **Annex C** of this report.

1.4 That the DSG forecast surplus carry forward of £2.564m be noted, together with the management actions set out at **Annex D** of this report.

1.5 That the reserves position as detailed in **Annex E** are noted.

1.6 That the additions and amendments to resource allocation and spend approval for the 2020/21 capital programme, as detailed in **Annex N** be approved.

1.7 That the forecast outturn on the Capital Programme of £0.244m underspend for the total project of which £3.316m overspend is in 2020/21 as detailed in **Annex F** of this report be noted.

1.8 That the additions and amendments to resource allocation and spend approval for the 2020/21 Tariff programme, as detailed in **Annex M** be approved.

1.9 That the current position of the 2020/21 tariff programme as detailed in **Annex G** be noted.

1.10 That the debt position of the Council at the end of quarter 2 is detailed in **Annex H** are noted.

1.11 That the Treasury Management report as detailed in **Annex I** are noted.

1.12 That the virements to the original budget as detailed in **Annex J** are noted.

1.13 That the current position on the Collection Fund as detailed in **Annex K** are noted.

1.14 That the procurement waiver decisions as detailed in **Annex L** are noted.

2. Why is the decision needed?

2.1 To ensure that the Council delivers a balanced budget in 2020/21 in line with the Council Plan.

Key Issues

General Fund Revenue Account (GFRA)

2.2 The year to date variation at the end of period 6 showed an overspend of £9.144m of which £14.595m relates to the impact of COVID-19. This is offset by £18.342m grant income to date.

2.3 General Fund Revenue Account (GFRA) – is currently forecasting an underspend of £0.182m (£0.836m COVID-19 overspend offset by £1.018m underspend on non-COVID-19 impacted services).

2.4 The Impact of COVID-19 has meant additional spending to react to the Pandemic, loss of income to the Council for services being shut or lower demand and lower collection rates of both Council Tax and Business rates leaving a huge impact on the Collection Fund. This has been offset by support from the Government by the income support scheme, which allows the Council to recover up to 70% of fees and charges income losses, forecast to be £8.471m, and £20.312m General Fund Government Support.

2.5 A number of other grants have been provided by the Government to support the impact of COVID-19 on the Council. These are detailed in **Annex A.**

2.6 Whilst we are immediately seeing the impact of loss of income and additional expenditure on some of our service, we have not yet seen the impact on demand for other services within the Council, in particular Social Care.

2.7 The reported expenditure and forecasts do not include provision for the estimated 2020/21 costs of the fire safety issues at the tower blocks, Mellish Court and The Gables. These are currently estimated to be for the General Fund additional Temporary Accommodation costs of £0.104m, and for the Housing Revenue Account additional management & maintenance costs of £2.018m. The estimated costs for 2021/22 will be provided for within the draft revenue budget proposals.

2.8 The GFRA forecast outturn variance, scenario assumptions and management actions set out at **Annex A** of this report.

2.9 The key material Service COVID-19 cost and income losses are:

a) Income loss from car parking due to demand is currently forecasting a £9.3m pressure. The car parking pressure could be higher if usage reduces and lockdown is prolonged.

b) Adult Services is forecasting a significant pressure in excess of £3.863m due to COVID-19.

c) The pressure is due to a combination of increased spend of £1.229m on Supported Living to provide 1:1 care in place of Day Services; provision of direct financial support to Care Homes of £1.007m to cover additional staff and PPE costs; Hotel and Accommodation costs of £0.669m for Rough Sleepers and the balance is made up of a loss of Income on Day Care.

d) As a result of the pandemic and closure during lockdown impacting on their income stream, a provision has been made for income due from the Casino not being received.

e) Planning income is currently forecasting a pressure of £1.047m due to the impact of COVID-19.

f) A leisure contract income has been impacted by covid and the council is having to incur additional one-off costs of £0.140m to support the contract for 6 months.

g) The Council has also seen an additional cost from waste tonnage and contamination of £0.759m.

2.10 The Council is reporting an improvement of £1.171m since period 3 of non-COVID-19 related forecasts. The Key GFRA Variances since P3 are:

Level 1 – Very High Impact (>£1.000m)

Adult Services Direct Payments (DP), £1.014m - reduction in use of DP as a means of providing care support. The service has found in recent years that DPs are not appropriate or practical, particularly for Frail Elderly. The reduction in use has not been matched by an increase in costs of greater Homecare, Day Care etc.

Level 2 – High Impact (>£0.500m - £1.000m)

Staff, underlying underspend of £0.630m on Assessment, Review, Reablement, Mental Health, Sheltered and Day Services. This is due to a combination of disruption to the recruitment caused by COVID-19 and availability of the right calibre.

Level 3 – Medium Impact (>£0.100m - £0.500m)

a) Children's Special Guardianship Order placements is forecasting a potential £0.500m cost as a result of an Ombudsman legal challenge which has resulted in a backdated pay claim to carers relating to May 2018 to March 2020.

b) Home to school transport is forecasting an underspend of £0.300m as a result of reduced demand in the summer term, government grant funding, re-routing of journeys from September and social distancing measures.

c) The costs of residual waste have increased during the pandemic as more of us work from home and so generate more waste that goes to the Residual Waste Treatment Facility (RWTF). However, this increase was evident before March 2020 to a degree and meant that the level of tonnage took the council over the zero-gate fee arrangement with the operator. Coupled with this was a change in legislation regarding energy certificates called Levy Exemption Certificates (LEC's) that was central government funding and formed part of the RTWF operator's income. This funding has since ceased, and the council is obliged to fund the operator accordingly. The result is that pre 2020/21 costs are £0.270m above that accrued in previous years accounts and £0.187m this year. This is an on-going issue which has been included as a demand in the 2021/22 budget setting process.

d) There has been a recent DD report regarding a renewed approach to funding concessionary travel. COVID- 19 has highlighted a position that already existed in that fixed funding contracts with a major bus operator was not flexible enough to reflect reduced patronage over the last couple of years. A decision was made recently to fund bus operators at 80% of previous costs from October 2020 which will result in a saving in 20/21 of £0.496m and will increase further in 2021/22.

Housing Revenue Account (HRA)

2.11 The HRA is reporting a projected underspend which will be offset by an increase contribution to Capital, details of which are found in **Annex C**, Table 1.

2.12 All key forecast variances are set out in **Annex C**, Table 2. This includes details of the projected financial impact, action being taken by the responsible Head of Service, timelines and the anticipated outcome.

2.13 Key HRA Variances movements since P3

Level 1 – Very High Impact (>£1.000m)

(£1.164m) Following the review of the non-essential budgets and working closely with budget managers, a total of (£0.479m) has been identified, with further (£0.696m) of vacancy savings, post pay awards and agreed pro-rata in year budgets re-allocation for recruitment, approved by CLT. These savings have resulted in additional Revenue Contribution to Capital, offset by COVID-19 and Non-COVID-19 impact in other service areas.

Level 2 – High Impact (>£0.500m - £1.000m)

The key issue in the HRA is the impact of COVID-19 on rent income. Though the impact is slow to materialise because of delays in Universal Credit payments, the current forecast is for an increase of £0.813m in provisions for arrears and bad debts.

Level 3 – Medium Impact (>£0.100m - £0.500m)

None.

Public Health

2.14 Public Health is forecasting a contribution to reserves of £0.403m (overall there is a net nil variance after use of reserves as the funding is ring-fenced). The in-year underspend is a result of vacancies across Milton Keynes, Bedford Borough Council and Central Bedfordshire Council in a Shared Service operating model and some underspends against contracts (including Substance Misuse and Smoking services) due to activity being lower than anticipated.

Dedicated Schools Grant (DSG)

2.15 When the budget was set, it was anticipated that there would be a surplus carry forward of £2.636m from 2019/20, however the actual carry forward was a surplus of £2.185m. The 2020/21 budget was set with a budgeted surplus carry forward of £1.936m, however the forecast carry forward is expected to be £2.564m. The reduced carry forward from 2019/20 is partially offset with an in-year underspend on the schools and high needs blocks. Further information can be found in **Annex D**.

2.16 The funding blocks within the DSG are now ring-fenced (with effect from 2018/19) and all key forecast variances are set out in **Annex D** to this report.

2.17 The main areas of risk is in high needs where there have been increases in the number of children requiring support at increasing levels of complexity. High needs funding remains a national issue and although we currently have a high needs surplus, this is one off and the future funding increases remain uncertain on the DSG and have not up until now, kept up with demand. The early years block is very volatile and remains uncertain in terms of the level of take up due to the impact of COVID-19. There is a low level of contingency in the block in which to deal with the pressures should they arise.

Delivery of Savings

2.18 Savings of £3.696m were approved for implementation in 2020/21 and £0.631m savings carried forward from 2019/20, a total of £3.518m (81%) are forecast to be delivered in year, £0.250m (6%) saving brought forward from future years and £0.809m (13%) will either not be delivered until next year or are undeliverable. Where the saving cannot be delivered or not the full amount needs to be considered in the 2021/22 budget.

2.19 A full schedule of all delayed and non-deliverable budget reductions and income proposals is attached at **Annex B** to this report and sets out the detailed position on each of the individual proposals.

Collection Fund

2.20 The Collection Fund includes all income generated from council tax and business rates that is due in the year, including arrears, from council taxpayers and ratepayers.

2.21 It is currently forecast that the Collection Fund for both Council tax and business rates will have an in- year deficit for 2020/21 due to the impact of COVID-19. This deficit has been fully funded in 2020/21.

2.22 Regulations have been amended to allow this deficit to be spread over three years rather than having to be paid back fully in the following year.

2.23 The Current Position of the Collection Fund is reported in **Annex K**.

Reserves

2.24 The main reasons the Council holds reserves are to:

- manage known financial risks;
- hold funding as one-off contributions to expenditure, allowing ongoing revenue budget reductions;
- manage timing differences between the receipt of funding and actual spend; and
- hold ring-fenced funds such as specific grants, trusts, schools or the HRA.

2.25 Reserves can only be used once, so should not be used to fund recurring planned spend, in particular they should not be used to balance the budget; this is one of our key financial principles. Reserves are monitored during the year and reviewed at year end and when setting the budget to determine whether any need to be replenished.

2.26 The reserves include uncommitted balance of £4.157m which has been earmarked to offset the impact of COVID-19 and in addition a further £3.5m of uncommitted Social Care Grant. This funding is one-off and should be viewed as a backstop option considering the potential risks for 2021/22. These funds have been moved into a separate 'COVID-19'reserve to help support the Councils budget position.

2.27 The Council also has a working balance of £22.9m. This is slightly above the minimum recommended level. In the current situation it may be necessary to temporarily use some of this funding to help manage the future budget challenges. However, in order to ensure that the Council can set a legally robust budget any use of this would need to be accompanied with a clear plan on how this balance would be restored in the future.

2.28 **Annex E** shows the reserves balances based on actual spending and contributions made as part of the MTFP and new in year movements approved by the Chief Finance Officer in line with the Council's Constitution.

Revisions to the Capital Programme

2.29 There are a number of schemes that were not included in the original 2020/21 capital programme but have now completed the officer review process. Cabinet approval for resource allocation and spend approval is now sought to include new capital projects (summarised in **Annex N**) in the 2020/21 capital programme.

2.30 **Table 1** summarises the changes on the capital programme.

Table 1 – Summary of the changes to the 2020/21 Capital Programme

	Resource Allocation 20/21	Spend Approval 20/21	Total Resource Allocation	Total Spend Approval
	£m	£m	£m	£m
2020/21 Capital Programme as agreed 1 September 2020 Cabinet	**130.685**	**130.685**	**358.288**	**180.103**
New Projects	16.117	16.117	16.117	16.117
Amendments to Existing Project agreed by DD 20 Oct 2020	(0.113)	(0.113)	0.462	0.462
Amendments to Existing Project	10.454	10.454	81.346	81.346
Total	**157.143**	**157.143**	**456.213**	**278.028**

2.31 The new schemes submitted for inclusion in the 2020/21 capital programme are:

a) **1 Bed Acquisitions £4.539m** - The Council has supported over 150 vulnerable people housed in hotels and other forms of emergency accommodation since the start of the COVID-19 pandemic. The government has stated our attention must now shift to ensure that individuals do not return to the streets following this initial period of emergency accommodation. The Next Steps Accommodation Programme supported by The Ministry of Housing, Communities and Local Government (MHCLG), has made available the financial resources needed to support local authorities to do this work. As part of the bid we have committed to purchase 30x 1 bed/bedsit properties for move on accommodation.

b) **Granby Court and Everglade House £0.621m** –The Green Homes Grant has been awarded for £0.414m to assist with the delivery of energy efficiency improvements within the Borough. The grant, together with additional funding from the HRA Community Heating Project £0.207m, will fund the energy efficiencies to 268 dwellings/units at Granby Court and Everglade House including the provision of a low carbon heating system, renewable energy sources, fabric insulation, energy efficient lighting and building management systems.

c) **Fairfields Area 11 Allotment Site £0.243m** - Tariff funding has been allocated to deliver the new Allotments at Fairfields in the Western Expansion Area (WEA) to lay out the Allotment areas as agreed with Fairfields Parish Council. There is an identified need for new facilities of sufficient scale to serve the needs of the expanding population and this includes the requirement for new Allotments.

d) **Tower Block Improvement Project (Mellish Court & The Gables) £2.891m.** The buildings do not meet current fire safety standards, therefore funding is required to to ensure both Mellish Court and The Gables are safe whilst the buildings are emptied to facilitate refurbishment or demolition & new build programme is undertaken. This will be funded from within the HRA programme.

e) **Fishermead – Modular £6.535m.** Temporary accommodation for 70 homes for homeless households under a licence. The project is intended to reduce the number of homeless people in the borough and reduce the strain in temporary accommodation on the MKC general fund. This will be funded from within the HRA programme.

f) The Council has received £1m advanced funding obtained from MHCLG in relation to the Bletchley Towns Deal to accelerate key improvement projects within the area. This funding will be used for the following projects:

- **Bletchley Fire Station Site £0.200m -** To prepare the formal Bletchley Fire Stations Site for repurposing/redevelopment
- **Bletchley Blue Lagoon Redway links £0.671m -** Construction of three new Redway links to improve connectivity within Bletchley and to the Blue Lagoon site.

g) **VMWare Enterprise agreement £0.417m.** VMWare desktop virtualisation software is used by the Council to provision Windows desktops to the majority (1700) of council employees and delivers the remote working solution that is supporting staff during the pandemic. The Enterprise License is required to maintain the on premises software assurance and upgrade / support rights during the 2 years of the new agreement. This will be funded by single capital pot grant.

2.32 Approval is sought for the following amendments to resource allocation and spend approval:

a) **Hanslope Primary School and associated Nursery 1FE Expansion - agreed by DD 20 October 2020 £0.462m -** Following the Pre-Construction Service Agreement (PCSA) stage, there is an increase in cost to the construction contract from the original award of £3.2m to the budget sum of £3.69m. A additional contribution of £0.462m, funded by basic need allocation, is sought to deliver this additional contract cost and deliver the project, together with £0.133m being rephased into later years.

b) **Fullers Slade Regeneration £0.399m –** additional resource allocation and spend approval of £0.399m in 2020/21 has been requested to cover extra costs needed for Design Team fees, additional surveys, and contingency. This project is funded from a HRA revenue contribution.

c) **5 Year Housing Capital Investment Programme £1.775m -** The purpose of this project is to deliver essential investment works to MKC housing stock. Following an original cautious approach to spend approval request in the July DD due to assumptions around COVID 19 restrictions. Projects including window and fencing replacements have been able to be delivered ahead of initial prudent estimates of delivery, resulting in current allocation being expended. Recourse capacity and availability allows us to increase this year's programme and avoids over demand in future years. This project is funded within existing funding within the 5 year capital programme by revising the allocations for each year.

d) **Tattenhoe Park Community Wellness Hub £0.146m** - additional resource allocation and spend approval request of £0.146m is requested to cover the additional costs of the build. This project is funded from S106 £0.122m and an underspend on Emerson Valley Sports Pavilion Remedial works £0.024m.

e) **Purchase of Properties (Council Dwellings).** The capital programme for 2020/21 was reviewed in July DD to access the likelihood of delivery of projects in year taking into account the impact of COVID-19, and the resource allocation for this project was reduced in year and pushed back to 2021/22. However, spend has resumed following lockdown and we are anticipating in meeting more than the additional target in year, therefore £5.5m of 2021/22 resource allocation will be brought forward into 2020/21.

f) **Housing Infrastructure Fund (Highways) £88.824m** A DD was approved on the 28 July to accept £94.6m of grant funding for Highways and Social Infrastructure to support Housing Delivery East of the M1. The grant will fund new highway infrastructure, together with a new primary school and community health hub. Approval is sought to add £88.824m, financed by Government grant, to the capital programme to fund the resources required to progress the highway infrastructure that will be delivered as part of the development.

2.33 Spend approval requests for projects within the 2020/21 capital programme, are summarised in Annex N.

2020/21 Capital Monitoring

2.34 **Table 2** shows a summary of the forecast position for the 2020/21 capital programme compared to budget (resource allocation). The current position shows an underspend of £16.556m; however after forecast slippage of £19.872m, this will result in an overspend of £3.316m in year. Funding already allocated in future years will be used to offset this overspend.

2.35 Detailed individual project forecast, including total project positions are detailed in **Annex F.**

2.36 **Table 2: Capital Programme – 2020/21 Forecast at 30 September 2020**

Capital Summary	Forecast to Year End			Forecast after Slippage	
	2020/21 Project Budget	**2020/21 Forecast Outturn**	**In year forecast Variation**	**Project Slippage to later Years**	**2020/21 Forecast Under/Overspend**
Service	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**
Adult Social Care	0.648	0.648	0.000	0.000	0.000
Children Services	32.759	34.213	1.454	1.472	2.927
Housing and Regeneration - HRA	78.141	64.905	(13.236)	13.437	0.201
Housing and Regeneration - GF	1.124	1.110	(0.014)	0.014	0.000
Corporate Core	5.513	4.994	(0.519)	0.519	0.000
Policy, Insight & Comms	0.063	0.063	0.000	0.000	0.000
Growth, Economy and Culture	7.445	5.843	(1.603)	1.630	0.027
Environment and Property	30.193	27.969	(2.224)	2.384	0.161
Resources	1.258	0.842	(0.415)	0.415	0.000

Capital Programme Requirements	**157.143**	**140.587**	**(16.556)**	**19.872**	**3.316**
Capital Financing					
Capital Receipts	(13.880)	(13.880)	0.000	0.000	0.000
Major Repairs Reserve	(27.041)	(27.041)	0.000	0.000	0.000
Government Grants	(44.879)	(44.879)	0.000	0.000	0.000
Prudential Borrowing	(4.206)	(4.206)	0.000	0.000	0.000
Developer Contribution	(15.749)	(15.749)	0.000	0.000	0.000
Third Party Contributions	(4.954)	(4.954)	0.000	0.000	0.000
Parking Income	(0.050)	(0.050)	0.000	0.000	0.000
Revenue Contributions	(40.798)	(40.798)	0.000	0.000	0.000
New Homes Bonus	(5.586)	(5.586)	0.000	0.000	0.000
Total Capital Financing	**(157.143)**	**(157.143)**	**0.000**	**0.000**	**0.000**
Net Surplus / Deficit	**0.000**	**(16.556)**	**(16.556)**	**19.872**	**3.316**

2.37 Key Project Variances

Glebe Meadows Primary & Secondary School £2.903m - Detailed design work to develop cost plan continues (target completion end Dec 21). Updated cashflow from Contractor has indicated an early ordering of materials to enable starting on site in early Jan instead of early Feb 21 to assist programme. This has resulted in change to spend profile. The project is forecast to meet the total resource allocation for this project.

2.38 2020/21 Key Slippage to later Years

a) HRA New Build Housing programme £12.742m forecast slippage to 2021/22 due to changes to the procurement process, delays in planning permission process and revisions to the original programme specification. Forecast completion dates for the projects have now been identified as March 22.

b) Whitehouse Community Facility £1.300m forecast slippage to 2021/22. The existing contractor of school unable to delivery project within current resources. A review of procurement options to deliver project is required. The Project is expected to complete March 2022.

c) Fairfield Leisure and Community Facilities £0.200m forecast slippage to 2021/22. Works to construct the Fairfields Sports Hub access road, car parking and associated footpaths/fencing plan to start work Oct 2020, completion dependant on changing room work completion. The car park is expected to slip into 2021/22 with Current budget assumes completion of the whole project in year.

d) Passenger Transport £0.596m forecast slippage to 2021/22. Programme delayed owing to Highways resource issues that are being resolved. Forecast completion date remains at the March 2022.

e) V6 Grid Road Corridor Improvement Schemes £0.500m forecast slippage to 2021/22. Delays on detailed design due to Utilities COVID-19 restrictions. The forecast completion date remains at the March 2022.

f) Special Education Needs additional place Programme £0.810m due to delay in the works, forecast completion date remains at the March 2022.

Revisions to the Tariff Programme

2.39 Cabinet approval for resource allocation and spend approval is sought to include new Tariff projects (summarised in **Annex M**) in the 2020/21 Tariff Programme.

Table 3 – Summary of the changes to the Tariff Programme

	Resource Allocation	**Spend Approval**
	£m	**£m**
2020/21 Tariff Programme as agreed September 2020 Cabinet	**38.203**	**38.203**
Cash Investments	0.170	0.170
Total	**38.373**	**38.373**

2.40 The significant amendments to the 2020/21 Tariff programme are:

Wavendon Playing Fields – request for an additional 0.945m, £0.170m in 2020/21. The majority of the works required to lay out and service the playing fields at Wavendon will be carried out early in the 2021/22 financial year in order to have the pitches ready for use at the beginning of the 2022/23 playing season when the Pavilion building will open. However significant preliminary ecology works have to be carried out before groundworks can commence on the site and this has required the project to be brought forward into this years Capital Programme in order to avoid subsequent delay to next years delivery of the pitches and Pavilion.

2020/21 Tariff Monitoring

2.41 **Table 4** shows a summary of the forecast outturn for the Tariff programme compared to budget for 2020/21. The current position shows an underspend of £6.715m; however after forecast slippage of £6.715m, this becomes a nil variance.

2.42 Detailed individual project forecast, including total project positions are detailed in **Annex G**.

Table 4 - Tariff Monitoring

Tariff Summary	Forecast to Year End			Forecast after Slippage	
	2020/21 Project Budget	2020/21 Forecast Outturn	In year forecast Variation	Project Slippage to later Years	2020/21 Forecast Under/Over spend
Service	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**
Roads and Highways	1.330	0.980	(0.350)	**0.350**	0.000
Public Transport	0.598	0.598	0.000	**0.000**	0.000
Schools	8.095	8.095	0.000	**0.000**	0.000
Leisure and Culture	8.578	7.213	(1.365)	**1.365**	0.000
Social Care and Health	5.000	0.000	(5.000)	**5.000**	0.000
Other Services	2.327	2.327	0.000	**0.000**	0.000
Costs of Running	0.135	0.135	0.000	**0.000**	0.000
Works in Kind	12.310	12.310	0.000	**0.000**	0.000
Tariff Programme	**38.373**	**31.658**	**(6.715)**	**6.715**	**0.000**
Tariff Financing					
Tariff Receipts	(38.373)	(38.373)	0.000	0.000	0.000
Total Tariff Financing	**(38.373)**	**(38.373)**	**0.000**	**0.000**	**0.000**
Net Surplus / Deficit	**0.000**	**(6.715)**	**(6.715)**	**6.715**	**0.000**

2.43 2020/21 Key Slippage to later Years

a) MKUH Pathway Unit £5.000m – The Hospital Trust have now (October) received planning permission for the Pathway Unit and are mobilising to deliver this new facility once the ambulance service have moved fully to the new Blue Light Hub. However the majority of the build will now take place in the next financial year and hence the requirement for the Council's funding will fall into 2021/22.

b) Whitehouse Community Meeting Place £1.365m. Project delayed due to the existing contractor of school and community centre unable to deliver project within current resources. A review of procurement options to deliver project is required. The Project is expected to complete in 2021/22.

Debt Collection and Performance

2.44 **Annex H** details the Council's overall debt position and collection performance in quarter.

Treasury

2.45 **Annex I** reports the current treasury management forecast.

Virements

2.46 Financial procedure rules require virements between services to be reported and agreed**, Annex J** details the virements processed in the quarter.

Procurement Waivers

2.47 Financial procedure rules require all variations to the ordering system to be approved by the Director of Finance and Resources. A summary of the procurement waivers are in **Annex L**.

3. Implications of the decision

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

a) Financial implications

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

Any overspend on the General Fund position will impact on the General Fund working balance. If amounts go below the minimum working balance actions will need to be taken to increase the minimum level of reserves and may result in the need for changes to spending plans for future years.

The Finance team are working with Directors to ensure that appropriate plans are put in place and implemented to address non-delivery of budgets from 2019/20 to ensure these do not reoccur in 2020/21. We will be reporting on these at future Cabinet meetings.

b) Legal implications

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.

c) Other implications

- Policy: The recommendations of this report are consistent with the Council's Medium Term Financial Plan.
- 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. All new buildings included within the report for inclusion in the capital programme will be built to achieve EPC rating A.

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