

CABINET

SUPPLEMENTARY AGENDA

When: Tuesday 6 February 2024 at 18:30

Where: Council Chamber, Civic, 1 Saxon Gate East, Milton Keynes, MK9 3EJ.

Agenda

- 8(a) The Adoption of Highways and Public Spaces on Estates in Milton Keynes Task and Finish Group (Pages 3 - 20)**

To receive the final report of The Adoption of Highways and Public Spaces on Estates in Milton Keynes Task and Finish Group.

- 10. Council Budget 2024/25 (Pages 21 - 40)**

To consider the Council Budget for 2024/25.

Annex A - Budget Consultation Feedback 2024

Annex B - BRSC - Report on the 2024-25 Budget Proposals

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Adoption policies and processes on current and new developments in Milton Keynes

January 2024

Findings of the Task and Finish Group



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Note: Throughout this report, the “Adoption policies and processes on current and new developments in Milton Keynes Task and Finish Group” will be referred to as the “Group” or the “TFG”, and Milton Keynes City Council will be referred to as “MKCC”, or “the Council”.

Report of the Task and Finish Group

Introduction

- 1** We were appointed by the Corporate Oversight and Scrutiny Management Committee to whom, with the Cabinet, this report is addressed. Our first, of seven, meetings was held on 5 September at which we confirmed our terms of reference, membership and officer support as in Annex A.
- 2** On 30 October we held a workshop with residents. Subsequently we met or otherwise communicated with a number of Milton Keynes' leading developers, house builders and management companies, and also with the Parks Trust. A list of these participants is provided in Annex B.
- 3** The legislation governing the adoption of new developments by local authorities and other bodies is complex and summarised in Annex C. This Annex includes links to the most recent Department of Transport Advice Note on Highways Adoption and to the Council's Highways Guide for Developers.
- 4** The Council's own Highway Adoption procedures for roads that service 6 or more residential properties are included in Annex C.
- 5** There was a feeling at the outset of our work that the Task Force might have been established to criticise the ongoing work of the Council's Adoptions Team. This was – emphatically – not the case. We have focussed on the impact on our residents of living in an estate or part estate that has not been adopted, effectively the first of our terms of reference.
- 6** Our recommendations follow. Their presentation will conclude our work. We suggest that scrutiny of the issue of adoption in its widest sense *viz* the integration of a new estate into the borough become the responsibility of the Public Realm and Environment Scrutiny Committee. We would encourage that committee to visit adoption issues annually, starting with a review of progress on the implementation of our recommendations in September 2024 (*see paragraph 11 and R12 below*).

Recommendations

Communication with residents: Recommendations 1 – 5

- 7 The majority of residents do not realise that their new estate is – in effect – private land until its part or total completion. They find it confusing that the Council is responsible for (*e.g.*) waste collection, planning applications and – often – the local primary school but not for roads, pavements, drains, street lighting or landscaping. We recommend:
- (R1) that the Council’s website include a page(s) providing a guide to the overall process of creating a new estate with a clear delineation of responsibilities among developer, housebuilder, the Council, parish and town councils, the Parks Trust and other bodies. The enhanced website should also include unambiguous advice about school admissions.
 - (R2) that clear guidance should be provided on the website concerning local email addresses and telephone numbers of current developers, house builders and management companies.
 - (R3) that the website should also signpost residents to national bodies concerned with good practice in housebuilding including the National Home Building Council (NHBC), the National Housing Federation (HWF), the Regulator for Social Housing (RSH) and the Ombudsman.
 - (R4) that the current Interactive Mapping System on the Council’s website which shows adopted areas should be adjusted to include highways and open spaces that are subject to a section 38 agreement *i.e.* awaiting adoption. We understand that this is technically possible. If feasible we would like it to go further and show approximate timescales towards adoption for specific phases of estates, and be related to relevant Parks Trust mapping.
 - (R5) that a review be undertaken of all automated responses sent by the Council or contractors formally associated with the Council such as Ringway and Glendale in response to online reports from residents about repairs in unadopted areas.

Resource allocation & finance: Recommendations 6 – 8

- 8 Without exception those developers and housebuilders to whom we spoke praised the Council as one of the better local authorities with whom they dealt on adoption matters. We hope that this will remain the case, particularly when the demands of MK East begin to come on stream. We were pleased therefore that the recent Government approved 35% increase in major planning application fees (indexed

annually for inflation) has been fully allocated to planning and related functions. We recommend:

- (R6) that consideration be given to how best the adoption process can be even further streamlined in such a way as to minimise the possibility of any inadvertent holdups. In this respect we commend the use of the telephone or face to face meetings, rather than solely by email, as a means of progressing difficult issues.
- (R7) that, as the Council has a central role in the planning and development of the borough, it should use its influence and weight to ensure that highways and public areas on new estates are completed in a timely manner and well maintained thereafter to the benefit of residents. The Council should continue to provide appropriate levels of support to housebuilders to facilitate the construction of quality residential developments within the borough.
- (R8) that where the Council runs procurement processes for its own land or housing it gives due consideration to the health and safety standards, and the practices, of companies seeking to do business with it.

The Council's adoptable standards: Recommendations 9 & 10

- 9** The Council sets clearly defined adoptable standards. Intuitively we want to endorse these, and, in any case, we are not qualified to make a professional judgement. But we are aware that a developer – reluctant to comply with the required standards – may opt not to offer land for adoption and, instead, to establish a management company to maintain the area, which can pass on its costs to residents.
- 10** No other issue has caused more hostility among residents. This is partly on principle - they object to paying a charge for (*e.g.*) landscaping which is paid for through council tax elsewhere in the city. And partly on practice – the charges levied by such companies for what is widely regarded as an inadequate level of service causes significant resentment. We thought at first that this issue might be addressed through conditions attached to a planning approval but have been advised that this is not legally possible. We then considered whether it might be addressed by a very strong negotiating stance on the part of the Council *e.g.* by refusing to consider developers for contracts unless they undertook to offer everything for adoption. But the construction industry is not so weak that developers have to work in Milton Keynes, come what may. The Council runs the risk – financial and other - of land lying undeveloped and houses unbuilt if it seeks to drive too hard a bargain. As an alternative therefore we recommend:

- (R9) that, in respect of early contract negotiations with developers, and between developers and their sub-contractors, the Council makes clear that the permanent use of a management company is not its preferred option for the future maintenance of land within an estate. Where possible It seeks compliance with its adoptable standards.
- (R10) that, where a developer has indicated their preference for the use of a management company, consideration be given by the larger parish and town councils within the borough, who have new or upcoming developments within their area, as to whether they might be willing to take on a management company type role.

Monitoring adoption: Recommendations 11 - 13

11 We hope that this report has highlighted the scale of the new development now encircling our city. When complete *circa* 2048 MK East will be nearly the size of present-day Newport Pagnell. It will be essential that the adoption process as a whole, and specific developments such as MK East, Brooklands, Fairfields, Whitehouse, Tattenhoe Park and Eagle Farm, be monitored appropriately. We recommend:

- (R11) that the Council continue to develop Key Performance Indicators (KPIs) with regard to specific adoption-related activities that can be measured such as timescales and ratios, and which will allow comparison with other local authorities.
- (R12) that it also develop an Annual Statement to be presented to the Public Realm and Environment Scrutiny Committee (*see paragraph 6 above*) highlighting the impact on residents of living on a new estate prior to adoption while not fully benefitting from all the Council's services.
- (R13) that the same Statement include a commentary and anticipated timescales about each of the estates listed above, looked at as an integrated whole and covering the totality of the Council's services, both current and prospective on each estate.

Making it work on the ground: Recommendation 14

12 While the Council understandably thinks of adoption in terms of highways and open spaces, residents have a much broader view. They look on the Council as the maker of the place where they will live, and the provider of services and facilities to suit all ages. It is essential therefore that the Council continue its crucial place-making function, including lobbying other agencies such as the Integrated Care Board, the Police and

local bus companies to work with it in doing so. Better communication as suggested in Recommendation (1) will help manage expectations. But we would like to go further. We recommend:

(R14) that the Council encourage relevant parish or town councils, as the most local statutory bodies, to engage in whatever way they think most appropriate with all of the stakeholders, whether public, commercial or voluntary, who are influencing the development of a new area in their parish. We see this role as key to the exchange of reliable information, to troubleshooting, and to the anticipation of the needs and aspirations of future residents not yet resident in the parish.

Conclusion

13 A large number of people have contributed to this report, listed in Annexes A and B. We extend our thanks to all of them for their time and ideas.

Councillor Sam Crooks
Chair of the Task and Finish Group

January 2024

Annex A Terms of Reference and Membership of the TFG

Members

Councillor Sam Crooks (Chair)

Councillor Alison Andrew (Vice Chair)

Councillor Tracey Bailey

Councillor Kerrie Bradburn

Councillor Joe Hearnshaw

Councillor Manish Verma

Advisors to the TFG

Paul Thomas (Director of Planning and Placemaking), Officer Lead to the TFG

Catherine Stephens (Head of Legal Services and Deputy Monitoring Officer)

Graham Cox (Head of Highways)

Chris Nash (Development Management Manager)

Administrative Support

Andrew Clayton (Overview and Scrutiny Officer)

Terms of Reference

1. To investigate the complexities of adoption policies and processes on current and new developments in Milton Keynes, and the problems caused to residents as a result.
2. In concert with developers and other adoption agencies to consider how best to support residents currently experiencing these problems and what can be done for the future to improve the situation in the planned expansion areas of our growing city.
3. To report its recommendations to the Cabinet on 6 February 2024 having consulted the Corporate Oversight and Scrutiny Management Committee on a draft version beforehand.

The Task and Finish Group will review any national legislation, local policy and practice with regard to adoption policies and processes.

An enhanced knowledge and understanding of the Council's adoption policies and processes together with practical and achievable recommendations to improve their operation and to mitigate any adverse impact on residents.

Annex B Participation in the Task and Finish Group

Residents and parishes

Residents from Oxley Park, Brooklands, Broughton, Broughton Gate, Oakgrove, Castlethorpe, Hanslope, Tattenhoe Park, Woburn Sands, Atterbury, Whitehouse.

Fairfields Parish Council, Hanslope Parish Council, Castlethorpe Parish Council

Developers and Management Companies

Bloor Homes, Places for People and The Parks Trust Milton Keynes met with the TFG on 23 November 2023

Representatives of Crest Nicholson, L&Q Estates and Residential Management Group (RMG), were also consulted by the Group

Annex C The legislative and financial framework of adoption

The legal framework for the adoption of roads, drainage and sustainable drainage systems (SuDS) in England comprises several laws. The Highways Act 1980 governs the adoption of roads and some associated amenities (eg trees, street lighting, traffic signals), and adoption is usually effected under Sections 37 and 38. These provide that local authorities can, with the agreement of the owner, adopt highways and maintain them at public expense thereafter.

Drainage for new developments is governed by either the Highways Act 1980 as above, or via a Section 104 agreement under the Water Industry Act 1991. (depending on who adopts the drainage system). Sustainable drainage systems (SuDS) can be adopted by a local authority, a water company, or a private company under the Flood and Water Management Act 2010. This is likely to change in the new future, when it is expected that Schedule 3 of this Act will be implemented in England. This will involve the creation of a SuDS Approval Body for England, with a remit to require compliant systems to be included in all new developments.

Public open spaces refers to play areas, wildlife and biodiversity areas, woodland, watercourses, ditches, and ecological feature, as well as hardstanding areas such as bin collection points not otherwise adopted as a part of a highway. In the public realm, amenities such as sculptures are generally adopted via Section 106 of the Town and Country Planning Act 1990 (as amended).

Legislation includes provisions to protect local authorities from unexpected costs arising from a new development, e.g. local authorities have the power to require a road or sewer bond as a guarantee. Under the Highways Act 1980 and the Water Industry Act 1991 developers can agree to put in place a bond or cash deposit to the value of the works in the event that, for example, the developer fails to complete the project satisfactorily.

Although not explicitly set out in legislation local authorities, in their capacity as highways and local planning authorities, can request the payment of “commuted sums” as a condition of adoption, that is, a financial contribution made by developers as compensation for taking on future maintenance responsibilities. These are typically secured through a legally binding agreement. This was confirmed by the Court of Appeal in its decision in R (Redrow Homes Ltd) v Knowsley Metropolitan Borough Council [2014] EWCA Civ 1433.

Planning obligations are legal obligations designed to mitigate the effects of a new development and are used to require developers to contribute to the cost of local infrastructure, such as road improvements, schools and affordable housing. In England, section 106 of the Town and Country Planning Act 1990 provides the mechanism for this. Such contributions are generally known as Section 106 agreements. Alongside s106 agreements the Community Infrastructure Levy (CIL) also allows Local Planning Authorities (LPA) to require new developments to help pay for the supporting infrastructure.

Further Reading:

[Adoption of roads by highway authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Policies and Procedures used in Milton Keynes

[New roads in Milton Keynes | Milton Keynes City Council \(milton-keynes.gov.uk\)](https://www.milton-keynes.gov.uk)

[Highway Adoption Procedures \(milton-keynes.gov.uk\)](https://www.milton-keynes.gov.uk)

Annex D The evidence gathering sessions of the TFG

The Group met on seven occasions during the period September to December 2023.

Evidence from Officers

Our initial priority was to properly understand the legal and policy framework underpinning the adoption of roads, drainage and public spaces, so we met with senior officers, including the Head of Legal Services, the Head of Highways and the Development Management Manager to discuss this. We learned that the adoption process was governed by legislation alongside national and local policy, but it was not something that happened automatically as a part of the development process.

These adoptions are subject to individual agreement between developers and the local authority,. Where adopted, highways are adopted and maintained by MKCC who will only adopt a highway where that highway is constructed to an “adoptable standard”. This means that the highway must be built to a specified construction design, which includes appropriate levels of drainage and water runoff. Mains sewers, water pipes and other infrastructure under the road surface must be adopted by the appropriate body before the highway can be adopted by the Council, and this can be a cause of delay to timely adoption. Public open spaces are also adopted by the Council and then with generally leased to the Parks Trust.

Not all highways are adopted for a multiplicity of reasons. A developer might wish to build a road to a different construction standard for example, or might want to incorporate designated on-road parking (which is outside of the expected standard). It may be that the road surface itself is not “adoptable”, for example by being finished using block paving instead of tarmac. Sometimes a developer’s plans do not include adoption for commercial reasons, and so they do not apply for the highways to be adopted at all.

Ultimately adoptions only take place where both the developer and the Council want it to happen, neither party can force adoption on the other. As a matter of general policy, MKCC do adopt highways and public spaces where asked to do so, although there are exceptions, such as for very small spaces and roads where the cost of adoption cannot be justified.

Different legal measures are required for different situations. Roads generally meet the public highway at some point, and this requires a legal agreement known as a section 38 agreement. However, the precise legal mechanisms vary depending on what is being adopted. It is established law that MKCC cannot not use its powers as a planning authority to insist that a highway was adopted, although it is generally the case that the Council will discuss adoption with developers at an early stage of the planning process.

Where parts of new estates do not become adopted the ongoing maintenance and repair remains the responsibility of the developer. This is generally accomplished through a management company, although the makeup of these companies vary, for example such they can be resident-owned and managed, or they can be a commercial enterprise.

Evidence from residents

Once the group had established these legal and policy frameworks it held a workshop with residents of new estates, to help it understand and evidence the problem areas.

These were many and varied, but a key issue that arose time and again was that residents felt left in the dark about what was happening to the roads and parks, amongst other areas, on their estates. Even where adoption was scheduled it could take many years to be effected, with residents living with uncompleted roads and messy, unkempt open spaces. During icy and snowy weather the roads and paths went ungritted, creating potential safety issues. There was no single source of information for residents to find out whether areas would be adopted, and if they were, when they might be adopted. The problems for those reliant on management companies could be worse, they were often paying significant sums of money to managing agents, much of which seemed to be spent on “insurance” or “administration”, with little or no work undertaken on their estate to show for the expenditure. Residents described areas on their estates, often for example access routes to car parks or main thoroughfares, that nobody seemed to be responsible for, that were falling into very poor states of disrepair. It was difficult and at times impossible to get management companies to respond and to make good these problems.

Many residents described their feeling of frustration, having spent hundreds of thousands of pounds on a house on the basis of pictures showing lush green spaces and playgrounds, only to find that they were living in a building site for many years, and seemingly unable to take any effective action to put things right. It did not seem fair that some residents of the city paid council tax and lived on well-maintained, tidy estates, where others paid the same council tax as well as management fees, yet lived on poorly maintained estates.

Follow up with Officers

Following the meeting with residents the group met again with senior officers to present their findings to date and to consider how and whether the problems experienced by residents could be alleviated through enforcement powers, i.e. to what extent could MKCC “force” developers and management companies to attend to problems in unadopted areas, and what was the extent of the problem.

There appeared to be uncertainty whether road traffic issues, such as parking and speeding, could be enforced by the Police on unadopted highways, and where the cooperation of the developer might be required. Where land remained in private hands the ability of the Council to enforce matters such as litter or dog fouling were limited, and it was the responsibility of the landowner to grit roads, repair potholes and fences and so on. Similarly with streetlighting, unless the highway was adopted the Council had no role in maintenance and repair. These were problems affecting both residents living in unadopted areas, and areas where adoption was scheduled at some time in the future. The council had no powers to compel developers or management companies to maintain and repair what is effectively private land, nor to moderate the management charges levied.

It was noted that some developers and management companies had better track records than others, and the group queried whether this was a factor that could be taken into account

in future decision-making and contract award. Public sector procurement rules did not on the whole allow for parties to be excluded on the basis of past performance, although this may play a role in a determination on a bidder's ability to perform in the future. The group also discussed whether a code of conduct could be put in place, setting out expectations for future performance and including issues such as keeping resident informed as to future plans on their estates. The Council's GIS system was also discussed, and the group learned that plans to enhance this system to provide a greater level of detail on future adoption plans, and this would be accessible by residents.

Evidence from developers and the Parks Trust

To conclude its investigations the group met with developers operating in Milton Keynes, and the Parks Trust which managed many areas of parkland in the city, including parks and open spaces on estates. The chair followed up these sessions through telephone conversations with other developers who had not been able to attend in person, and received further written feedback from the Parks Trust.

Developers explained that for many new developments, at least for the larger ones, several housebuilders might be working on a new estate at the same time, generally with one company working as the lead developer. Once a lead developer had contracted a portion of the estate to a housebuilder they might cease to have any significant responsibility for that area. Development could take many years before it would be considered to be complete, and the timetable was driven largely by market conditions. Although different developers had different priorities, it was the experience of our witnesses that most were keen to see highways adopted rather than remaining in their possession and therefore an ongoing liability. However, it remained the case that adoptions generally took years to complete. This was not due to the fault of any particular party, but resulted from a number of factors.

First, it might be the case that all developers needed to have their particular section of road completed before adoption of the whole could take place, i.e. the Council could not adopt one section of road on an estate unless another section that already joined to the existing public highway was ready.

Second, as was the case with the Parks Trust, several bodies were working together to complete a complex legal transaction and even relatively small obstacles could take a long time to resolve. This included bodies such as the water companies, who need to approve drainage and pipe systems under the highway and formally adopt those before road adoption could proceed. Co-ordinating the work on these larger estates was compared to working on a jigsaw, it took a lot of work on individual parts before the whole could come together.

Developers told us that in their experience MKCC were a good Council to work with, much better than many others. They were proactive, responded to queries and correspondence in a timely manner, and sought to work in partnership to overcome obstacles. However it was recognised that residents might wait many years until adoptions were completed, and that there would often remain unadopted areas that were then handed over to management companies. This was particularly true with flats, where communal areas and parking spaces

for example remained with a third party management company, but it could also be the case that other estate areas were not amenable to adoption.

Developers had recognised that communications with residents should and could be improved, and they were increasingly improving the information provided to residents at the point of sale, for example through completion timetables. They were also providing updates to residents to keep them informed of progress with highways, parks and playgrounds.

The Parks Trust explained that those areas that came under their control were legally adopted by MKCC, who became the landowner, who then leased these on very long leases to the Parks Trust, a charity. The Parks Trust maintained and developed these areas in accordance with the lease agreement. On the whole, the adoption process worked smoothly and the Trust had good relationships with MKCC and developers. It could take a long time; in the final analysis several parties were involved in a complex legal land transaction to effect the adoption. Even if everybody was agreed and timetables were adhered to it would likely take many years between agreeing the adoption in principle and the transaction completing.

From time to time the Parks Trust encountered obstacles, for example developers not undertaking works as agreed, and this could lead to very lengthy delays. They were a fairly small charity and did not have an abundance of staff to engage in protracted negotiations. They felt that MKCC were in a much better position to manage these obstacles as and when they did occur, and would be grateful for that support in the future.

Annex E The findings of the TFG

The adoption of highways and open spaces is a complex process and one that has evolved over recent decades. At an earlier stage of the city's evolution most roads and green spaces were adopted and subsequently maintained by the local authority as a matter of course. Unless a park or road was clearly signposted "Private", it was assumed that any maintenance and repair would be carried out by the relevant local authority, initially Buckinghamshire County Council.

This situation has changed over the intervening years, with the demise of the Milton Keynes Development Corporation and, later, Milton Keynes becoming a unitary authority. Building assets to an "adoptable standard" comes at a cost for developers and they sometimes choose not to offer them for adoption. At the same time the Council's budget has shrunk and it has become more aware of the cost of maintaining and repairing roads and playgrounds into the indefinite future.

This has led to a situation where some new residential developments will include elements that remain in private ownership, and often looked after by management companies. Where that happens residents currently have no regulated system of redress to ensure that maintenance and repairs are carried out in a timely and efficient manner. The process is governed by national legislation and therefore a national solution is required to put it right, the scope to address these problems at a local level is limited. The Group are aware that the Government is cognisant of these issues and has recently put Leasehold and Freehold Reform Bill before Parliament, which will create regulations and an ombudsman service to support residents in dispute with their management companies. We welcomed this, and hope that parliamentary time can be found to enable this Bill become law

As a Council MKCC applies a policy that is generally in favour of adopting highways and public spaces where a developer agrees. Developers themselves have explained that MKCC is amongst the best local authorities to work with, delivering its part of the process in a timely fashion, without undue complication or cost. It can still take a long time to adopt, and residents frequently feel left in the dark as to who they can turn to for support and help to maintain their roads and parks.

An important focus of our recommendations therefore has been to promote better communications to residents and to keep them informed, through the use of accessible online information and systems such as the publicly available Geographic Information System (GIS) employed by the Council. Where highways and parks are planned for adoption it is important that residents understand when this is likely to happen. Where adoption is not planned, it is important that residents understand who they should be contacting, and are signposted to further sources of help and advice.

We have also recommended that MKCC further embed this positive approach to adoption and uses its weight and influence to promote adoption on new developments at the earliest stages of planning discussions with developers.

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Budget 2024/5: Summary of Consultation Feedback



Consultation on the draft 2024/25 city council budget ran from 12 December 2023 to 31 January 2024. Around 2,000 people visited the online budget consultation page.

All feedback is from individual citizens unless marked.

1. Galley Hill Community Space

Responses from Stony Stratford Town Council, Galley Hill Residents' Association and five residents seeking clarification over a perceived lack of funding in the proposed budget for a viability study/further work for a Community Space at the Walnuts Centre in Galley Hill including two asking if it is appropriate for the city council to pay for infrastructure that a private developer will benefit from.

2. Supported Living and Home Care Fees

Angels Care Agency

Seeks increase to the proposed supported living and home care fee uplift of 8.91%, ideally equivalent to a basic hourly rate of £30.50 to recognise the increasing costs of running a healthcare business and staffing challenges.

Lifeways Group

Supports the proposed fee uplift of 8.91%.

Salutem Shared Services

Against proposals to restrict any inflationary uplift to spot care home placements that are equal or lower to specific weekly rates, as all care home providers face the same cost pressures around staffing costs such as salaries, benefits, and quality training.

3. Other Responses

- Two responses against increases in council tax.
- Response in favour of reducing size of workforce.
- Response in favour of further investment in subsidising bus services, and penalties for bus operators who reduce routes.

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Report on the 2024/25 Draft Budget Proposals

January 2024

Budget and Resources Scrutiny Committee



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Note on the Text

After the first reference, the Budget & Resources Scrutiny Committee will be referred to as “the Committee” and Milton Keynes City Council will be referred to as “the Council” throughout this report.

1. Introduction and Committee Membership

The Budget and Resources Scrutiny Committee provides a dedicated, cross-party scrutiny of the Council's budget and financial processes. The Committee's Terms of Reference can be found at Annex A.

For most of the 2023/24 council year, the following councillors have served on the Committee:

Cannon (Vice-chair), Clarke, Geary, Hume (Chair), M Khan, Lancaster, Long, McBride, and Wardle (Vice-Chair).

However, this year there were some mid-year changes to the membership of the Committee due to alterations in the political make-up of the Council, which changed the proportionality between the political groups on the Committee. Councillor Verma was originally appointed to the Committee at Annual Council in May and served for one meeting. From the September meeting he was replaced by Councillor Lancaster.

Councillor McBride stood down as a Councillor in January 2024 and has not yet been replaced.

The Committee's Planning Group (Chair and Vice-Chairs) is supported with technical financial advice by the Director of Finance and Resources (Section 151 Officer), Steve Richardson, and the Council's two Assistant Directors of Finance, Natasha Hutchin and Anna Rulton.

Elizabeth Richardson serves as the Overview and Scrutiny Officer.



*Back Row: Councillor James Lancaster, Councillor Ed Hume (Chair), Councillor Nigel Long
Front Row: Councillor Mo Khan, Councillor Peter Cannon (V-C), Councillor Chris Wardle (V-C), Councillor Peter Geary
Inset left: Councillor Uroy Clarke
Inset Right: Elizabeth Richardson. Overview and Scrutiny Officer*

2. Foreword from the Chair

First of all, a big thank you to the Committee this year for their work in scrutinising officers and Cabinet members to ensure that the good work done by officers and Cabinet members is the best it can be. Thank you to Councillor Wardle and Councillor Cannon as Vice-chairs for their support in planning the Committee's Work Programme. Thank you to Steve, Anna, and Natasha from the Finance Department for all their support in the planning process but also for the detailed expertise and answering of questions and explanations in committee meetings. It was good to have the youth cabinet join us for one of the meetings and I hope it helped them understand the work that goes into creating a budget. Lastly, thank you to Elizabeth Richardson for all her work as Scrutiny Officer this year, her attention to detail and knowledge in organising and shaping Budget Scrutiny is invaluable. I am aware that, after many years of being the Scrutiny Officer of this committee, this is your final round, so thank you for helping to shape the Committee into what it is today and for your dedication to Budget Scrutiny over many years.

For many local authorities, it is a tough environment at the moment, and it is for MKCC; increasing demands on Social Care, Children's Services and housing have a large impact on the budget. There are many councils who are having to dip into reserves or are issuing section 114 notices. Thankfully Milton Keynes City Council is not in this position at the moment. However, the challenges are looming with a gap of £22m over the next four years. It is therefore welcome that the Council has been able to maintain services this year with savings mainly related to improving efficiencies.

There is always uncertainty about the level of government funding the Council will receive and it often comes through late in December, making it difficult to plan, so it was welcome news to hear of the Government's additional £600m funding for local authorities announced in January, although, at the time of writing, what this means in monetary terms for Milton Keynes remains to be seen.

The purpose of this report, therefore, is:

- (i) to outline the work the Budget & Resources Committee has carried out to scrutinise the Council's draft 2024/25 budget proposals;
- (ii) to present the Committee's recommendations to Cabinet on 6 February 2024 and to Council on 21 February 2024.

This report is the result of the Committee's scrutiny of the draft 2024/25 budget proposals during the autumn and winter of 2023/24. On behalf of the Committee, I commend it to Cabinet and the wider Council.

Councillor Ed Hume
Chair, Budget & Resources Scrutiny Committee

3. Committee Work Programme

The Committee met on 6 occasions over the autumn and winter of 2023/24 to consider the following:

| Date | Subject |
|-------------------|--|
| 14 September 2023 | Capital Programme |
| 17 October 2023 | Identified General Fund Pressures in the 2024/25 draft budget |
| 06 December 2023 | Housing Revenue Account Draft 2024/25 Budget Proposals |
| 04 January 2024 | Political Overview Local Government Funding Settlement 2024/25 Draft Council Budget 2024/25 and Medium-Term Financial Plan 2024/25 to 2027/28 |
| 09 January 2024 | Identified Reductions and Savings in the 2024/25 Draft Budget Proposals: <ul style="list-style-type: none">• Corporate Services• Children’s Services |
| 16 January 2024 | Identified Reductions and Savings in the 2024/25 Draft Budget Proposals: <ul style="list-style-type: none">• Environment & Property Services Report Drafting |

Details of the requests for additional information are included at Annex B.

The agenda, reports, presentations and minutes for each of the above meetings are available on the Council’s website at: [ModGov: Budget & Resources Scrutiny Committee](#)

The public consultation on the 2024/25 draft budget proposals commenced on 12 December 2023 and runs until 31 January 2024.

4. Acknowledgements, Thanks and Commendations

The Committee would like to thank all Cabinet Members and officers who assisted with preparing documents and presentations, giving up their time to speak at the meetings and their assistance in supplying supplementary information when requested to do so.

The Finance Team should be commended for the improved, detailed descriptions of items in the pressures and reductions schedules. Clear and concise reasoning for each item has meant that the Committee has been able to significantly reduce its workload this year, by reducing the number of meetings necessary to carry out scrutiny of the Council's draft budget proposals for 2024/25, freeing up time for both councillors and officers to do other things.

A significant innovation this year has been the production of background documents providing data tables on both Social Care Demand Budget Pressures and the Housing Revenue Account. These background papers have given the Committee a much greater depth of understanding of the issues affecting demand led services and how they are financed. The Committee is very appreciative of the time it must have taken officers to prepare these background reports and thanks them for all their hard work.

Given the changes to the membership of the Committee during the year, the Chair and Vice-Chairs would like to thank Councillor Verma for his initial membership of the Committee and for stepping in at short notice as a substitute at the first January 2024 meeting.

They would also like to thank Ms McBride for her input into the work of the Committee when she was a councillor and the whole Committee wishes her well for the future.

This year one of the January Challenge meetings was attended by members of the Milton Keynes Youth Council, who took a lively interest in the meeting. The Committee welcomes their interest in the Council's future finances and hopes to see them again at other meetings.

The Committee continues to be grateful for the diligence and patience of Elizabeth Richardson in managing the Committee through an intense workload, the preparation of some complex agenda documentation, copious note taking and for her assistance in drafting this report.

5. Commentary

The financial climate in which local authorities, including Milton Keynes City Council, are having to deliver services to their residents remains difficult, and it looks as if this trend is set to continue into future years. It has been suggested that at least 50% of local authorities will struggle to put together a balanced draft budget for 2024/25. This is particularly true of the higher tier authorities, ie unitary and county councils, which provide social care services for adults and children, with a possible 1 in 2 of these authorities having to resort to using reserves to balance their budgets.

Over recent years the Council has had to make some hard decisions in relation to its finances but compared to other authorities, this solid approach to its finances has put Milton Keynes City Council in a reasonable position for 2024/25, developing a balanced draft budget and remaining financially stable.

Like all upper tier authorities, one of the biggest challenges facing the Council is the continued increase in the cost of delivering social care services, particularly the cost of children's services which are rising steeply, and the costs of dealing with homelessness and rough sleeping. As an area of both economic and demographic growth, it's not just the cost of existing service provision that is increasing, the level of demand for services from a growing population has also increased significantly.

Apart from the increases in both service demands and costs, the efficient and cost effective delivery of services is also being affected by the introduction of a number of new legislative frameworks, most noticeably in the areas of housing / homelessness and children's services, with which the Council will have to comply.

There have been a number of spikes in service demands during 2023/24 and it is anticipated that this will continue into 2024/25. The aim is for the Council to retain a sufficient working balance which can be used to mitigate the spikes.

A number of new, and some are significant, pressures have gone into the 2024/25 draft budget, but the Committee is pleased to note that these will be managed by carefully thought through reductions, and in some cases proposed income growth, as well as other mitigations such as service redesign.

The Committee welcomes the confirmation by council officers that there are no proposals to cut services, although some services are being reviewed to assess whether there are any efficiencies which can be made, and it is unlikely that any services will be expanded during 2024/245.

One service of particular concern to the Committee is the Home to School Transport Service. The Committee was unsurprised to note that costs for the Home to School Transport service are rising again and accepts that some of these costs, such as the

fluctuating price of fuel during a period of high inflation, are outside the Council's control. However, some years ago, as part of its scrutiny of draft budget proposals, the Committee recommended a root and branch review of the Home to School Transport Service, which was carried out jointly by staff in Children's Services and in Finance. This review led to the Council being able to make significant savings on the Home to School Transport budget and the Committee feels that it is time for an update review to see if there are any further savings or service efficiencies which could be made.

The Council's Housing Revenue Account (HRA) is one of its largest budgets, which the Committee has often felt it has not scrutinised as thoroughly as it should. However, this year, the regular introduction of quarterly reporting to monitor the activity within the HRA has proved very beneficial. Treating the HRA as a stand-alone budget and the timetabling of extra meetings which could be easily cancelled if not required, meant that the Committee was able to devote the whole of the meeting on 6 December 2023 to scrutinising the HRA budget proposals for 2024/25 in detail. The Committee found the background briefing note which provided the data tables behind the budget, and which was circulated prior to the meeting particularly helpful in aiding their discussions and meant that it didn't have to constantly seek clarification on various technical points from officers.

Once again, the Committee discussed the Council's use of one-off pressures and whether in the case of regular items, such as the annual cultural festivals of various types which alternate every year, these should be base-budget items on the grounds that an event is likely to happen each year. However, one-off pressures usually cover those items within in the Council's remit which are "nice to have" but are not part of the Council's statutory obligations. Although the Committee recognises that this methodology provides a degree of flexibility for the Council, as in tough times it is easier to cut or reduce one-off pressure first, rather than base budget items, it has recommended that including these funds into the base budget should be considered.

At its September meeting the Committee scrutinised the Capital Programme in detail. As this is a rolling programme, with projects often straddling 2 or more financial years it is difficult to predict how circumstances pertaining at any one time will impact delivery of the projects within the programme. However, the Committee was satisfied that the procedures the Council has in place to monitor progress of existing programmes to ensure continued cost effectiveness and not bringing new projects forward unless the s151 officer (Director of Finance and Resources) is satisfied that sufficient funding is in place were robust. It has no further comment on the Capital Programme other than to thank the Assistant Director Finance and her Team for the work that they do keeping the Capital Programme up to date.

The Committee also notes that all the Council's reserves remain at a healthy level and that due to the hard work done by officers across the Council, with assistance from their finance colleagues, to develop deliverable, balanced budgets for both 2023/24 and 2024/25, the Council, at this moment in time, will not need to dip into its reserves significantly to balance the books.

The draft Medium Term Financial Plan 2024/25 to 2027/28 provides a four year funding forecast, which indicates that the Council may face some severe financial issues in year three (2026/27) which will necessitate the Council having to make some difficult financial decisions, particularly about future discretionary spending and the possible use of reserves.

In light of this, the Committee suggests that the impacts of any future pressures on service delivery should be scrutinised, and recommendations made accordingly, by the relevant scrutiny committee before the financial implications are brought before the Budget & Resources Scrutiny Committee. The Committee found the work done by the Public Realm & Environment Scrutiny Committee in examining the changes in operation at the Milton Keynes Waste Recovery Park particularly helpful, significantly reducing the amount of time the Committee might have spent in scrutinising that particular pressure.

The Council's financial future is also very dependent on the impact of a number of unknown factors, including the long promised Fair Funding Review of how local government is funded, proposed changes to how business rates are calculated and retained by local authorities and the proposed, but delayed, Social Care Reforms. The Government has not published spending plans beyond 2024/25 and there may well be possible political changes in the approach to local government funding following the General Election which is likely to take place later in 2024. These factors, of course, are not unique to Milton Keynes and will have an impact on all local authorities nationally.

Local factors which could have an impact on the future of the Council's finances include the costs associated with supporting unaccompanied asylum seeking children as part of the Government's dispersal programme, the current freeze on the Local Housing Allowance, keeping it below average rent levels in Milton Keynes, affecting the ability of Milton Keynes residents to afford private sector housing which exacerbates the local homelessness crisis and the ongoing issue of the Home to School Transport provision where costs are rising faster than inflation.

Looking forward, the Committee noted a proposed one-off saving of £104k in the Elections budget for 2025/26, which is a “fallow” year for local elections. As this funding would have to be replaced as a pressure when local elections resumed in 2026/27, the Committee wondered if this was the best way to deal with this saving. However, as the saving applies to 2025/26 the Committee has not made a recommendation this year but will revisit the issue during its work to scrutinise the draft 2025/26 budget proposals in 2024/25.

Finally, the Committee notes and commends the connection in the 2024/25 draft budget between the financial strategy and delivery of the priorities set out in the Council Plan and commends all involved in its preparation for developing a balanced budget without the need to cut services or having to resort to the use of reserves to make up any shortfall.

6. Recommendations

General

1. That the Budget & Resources Scrutiny Committee commends the connection in the 2024/25 draft budget between the financial strategy and delivery of the priorities set out in the Council Plan.
2. That wherever possible, when planning new or revised service provision the Council always considers whether or not the internal provision of services would be the most appropriate mechanism to ensure that they remain efficient, cost effective and fit for purpose.
3. That any possible impacts of future pressures on, or reductions to, service delivery should be scrutinised, and recommendations made accordingly, by the relevant scrutiny committee before the financial implications are brought before the Budget & Resources Scrutiny Committee.

Pressures

4. That a review of Home to School Transport costs be added to the Budget & Resources Scrutiny Committee's Work Programme for 2024/25.
5. That scrutiny of the Council's Self-funded Insurance scheme to assess whether or not this provides Value for Money to the Council be added to the Budget & Resources Scrutiny Committee's Work Programme for 2024/25.
6. That the Council considers including the funds to support the ongoing provisions of an annual festival (eg Urban Living, IF, Code & Light, CMK Events Fund) in the base budget rather than as one-offs, as at least one event takes place each year.
7. That the Budget & Resources Scrutiny Committee receives a report from the Councillor Champions at the end of the financial year on how they spent their grants and what difference this has made to the residents of Milton Keynes.
8. That the Finance Team monitors the Council's borrowing strategy over the medium term in order to take advantage of any changes in interest rates and that the Finance Team reports any changes to the Council's borrowing strategy to the Budget & Resources Scrutiny Committee as and when these occur.
9. That the Committee commends the work done by the Environment and Waste Service Team to manage and resolve problems at the Milton Keynes Waste Recovery Park which could have had a detrimental financial impact on the Council and the proactive way the Team assisted the contractor to resolve a number of technical issues, particularly the disposal of bulky waste items.
10. That following scrutiny of the problems at the Milton Keynes Waste Recovery Park by the Public Realm & Environment Scrutiny Committee (10 January 2024) the Budget & Resources Committee endorses and supports the recommendations made by the Committee in relation to the future operation of the Waste Recovery Park.

11. That the Public Realm & Environment Committee considers adding an annual monitoring review of the operation of the Milton Keynes Waste Recovery Park to its Work Programme to ensure that the Council's environmental and financial ambitions are being met.

Housing Revenue Account (HRA)

12. That with reference to Recommendation 3 above, the Housing, Planning & Placemaking Scrutiny Committee considers adding scrutiny of:
 - a) The Council's policies in relation to Right to Buy procedures and how Right to Buy properties can be replaced in a timely and cost effective manner;
 - b) The core principles of the Council's Acquisitions Programme for residential stock once these have been developed;to its 2024/25 Work Programme.
13. That a more detailed look at the costs/time involved in processing void council residential properties be scrutinised by the Budget & Resources Scrutiny Committee as part of its 2024/25 Work Programme.
14. That the Council considers adopting a pre-sale condition/clause in Right to Buy contracts of sale for the purchaser to continue to contribute to any relevant HRA service charges pertaining to that location (Minute BR26, 6 December 2023 refers).
15. That the Cabinet Members for Adults, Housing & Healthier Communities and Resources liaise with other local authorities through support organisations such as the LGA, develop a strategic approach to lobbying the Government about local authorities being allowed to set their own local rents for council housing given the long term impact government imposed rent setting formulae/caps are having on the finances of Housing Revenue Accounts.

Reductions and Income Growth

16. That the Health & Adult Social Care Committee considers including in its 2024/25 Work Programme scrutiny of the revised Community Alarm Service, exploring how it can be effectively marketed to residents in Milton Keynes who would benefit from the support the service provides and how it can also be marketed as a complete package to other local authorities.
17. That the Budget & Resources Scrutiny Committee receives an update on the level and cost of the Council Tax Reduction scheme at a future meeting during 2024/25.
18. That the Committee supports the establishment of the Corporate Vacancy Panel and would like to incorporate an annual report on its effectiveness and whether the promised savings are being achieved, into the Committee's "Business as Usual" part of its Work Programme.

Annex A: Terms of Reference

Membership: between 9 and 15 councillors

Quorum: 4

Terms of Reference:

1. To provide dedicated, cross-party consideration of the Budget and the Council's finances with a view to establishing and maintaining resources which are fit for purpose and address the needs and aspirations of the people of Milton Keynes and the Council Plan priorities.
2. To make recommendations on:
 - i) Priority of services
 - ii) Service efficiencies
 - iii) Value
3. To consider and comment on Procurement, Workforce, ICT and Property issues in the light of the Council's Financial Strategy.
4. To monitor the in-year progress of the Revenue and Capital Budgets for the General Fund and the Housing Revenue Account.
5. To scrutinise and comment upon annual out-turn reports for the Revenue and Capital Budgets and identify learning points.
6. To be consulted during the preparation of the annual Revenue and Capital Strategies and Budgets.
7. To Scrutinise the draft Revenue and Capital Budgets.
8. To make recommendations to the Cabinet on any of the above matters at any time, and to submit comments to the Council in relation to the Cabinet's proposed Revenue and Capital Budgets at the appropriate time.
9. To appoint a planning group to oversee the implementation of the Committee's work programme.
10. To appoint, subject to the agreement of the Corporate Oversight and Scrutiny Management Committee, co-opt persons in a non-voting capacity, to add to the expertise, breath of knowledge and understanding of the work of the Committee.
11. To invite expert witnesses in respect of particular items to be considered by the Committee.
12. To establish a sub-committee to consider all called-in Cabinet, individual Cabinet member or officer decisions, as referred by the Corporate Oversight and Scrutiny Management Committee in accordance with the Overview and Scrutiny Procedure Rules

Annex B: Requests for Additional Information

During its scrutiny of the draft 2024/25 budget proposals the Committee also took into account a range of background information in order to help it formulate its recommendations, often requesting additional details in order to understand key points in the draft budget. These have included:

- The number of out of area school placements requiring home to school transport and the cost of these;
- The number of unaccompanied asylum seeking children the Council currently looks after, how the Government's dispersal system works and how many additional children Milton Keynes would be allocated under the scheme;
- Brief explanation of the grant funding the Council receives from the Government to support its work with unaccompanied asylum seeking children;
- A background note on the management of staffing vacancies and the role of the Corporate Vacancy Panel;
- A breakdown of the Community Alarm Service Budget for 2024/25;
- Details of the 2024/25 Schools' Budget (via Schools Forum);

Scrutiny – An Explanation

As Milton Keynes Council has a Cabinet (Executive) system of governance it is required by law to have a Scrutiny function to support and scrutinise its executive decision-making arrangements.

Scrutiny committees and scrutiny task and finish groups are not “decision making” bodies but are bodies which monitor and influence the decision makers. The committees and task and finish groups are made up of non-Cabinet members, and are designed to support the work of the Council in the following ways:

- assisting the executive in research, policy review and development and thus helping drive improvements in public services;
- reviewing and scrutinising decisions to be taken, or ones which have been taken by the Cabinet and officers, also known as acting as a “critical friend”, challenging policy and decision makers;
- considering the Council’s performance;
- reviewing the work of external organisations operating in the Borough to ensure that the interests of local people are enhanced by collaborative working; and
- enabling the voice and concerns of the public to be heard and listened to.

Each scrutiny committee or task and finish group has its own terms of reference. The scrutiny committees / task and finish groups consider issues by receiving information in a number of ways including by receiving presentations and taking evidence from councillors, Council officers and external witnesses or partners to develop an understanding of proposals or practices. As scrutiny committees and scrutiny task and finish groups have no decision-making powers they can present their recommendations to the Cabinet, full Council, Council officers, or external partners. The committees will often request a formal response and progress report on the implementation of recommendations that they have provided to various parties.

Attending Meetings of Scrutiny Committees / Task and Finish Groups

Meetings of scrutiny committees and task and finish groups are held in public and are generally open for everyone to attend. If you would like to attend, then please just turn up.

If you would like to make a representation to councillors on behalf of yourself or others on one or more the items on the agenda, let us know you are attending before the meeting so that the Chair can be advised in advance, either by calling 01908 691691 (ask for the Scrutiny Team in Democratic Services) or by emailing democracy@milton-keynes.gov.uk . You will have up to 3 minutes to address the meeting.

On occasion there may be specific issues that the meeting must consider in private so everyone except members of the committee / task and finish group and key officers will be

asked to leave.

If you want to speak on a matter that is not scheduled to be discussed by a scrutiny committee or task and finish group, then please either call or email the address above and we will contact you to discuss how best to take this forward.

Meetings are generally held at the Civic Offices, Central Milton Keynes. The Chair of the meeting will try and make the meeting as informal as possible, but, by their nature, local authority meetings must retain a degree of formality, with the meeting being controlled by the Chair.

If you are to speak on an agenda item, you will be able to speak when the item is considered. The Chair of the meeting will call out your name when it's your turn if you have given prior notice. You will either be invited to come forward to the witness desk to speak or remain in your seat – the Chair will let you know.

Depending on the room in which the meeting is being held the committee / task and finish group may be using microphones. If so and you are asked to come forward to sit at the witness table provided, a microphone will already be there; if you are asked to remain in your seat, a colleague will bring a hand-held microphone to you.

When asked to speak, please give your name and let us know if you are representing any organisation or speaking in your own right.

The maximum time you will have to speak is 3 minutes. If there are lots of people wanting to speak, then the Chair might reduce the time per person to one or two minutes to enable everyone to have their say. Please try not to repeat what has been said before.

If you have been invited to give evidence to the scrutiny committee or task and finish group as a witness, you will have been contacted by one of the Council's scrutiny officers who will have briefed you on what the committee or task and finish group would like you give evidence and what to expect at the meeting. You will be allowed sufficient time to speak to give your evidence. You will not be limited to 3 minutes.

Dates for the Council's meetings which are held in public, together with the papers for the meetings, are available on the Council's website at:

<https://milton-keynes.moderngov.co.uk/uuCoverPage.aspx?bcr=1>

If you have any questions about the scrutiny process please send them either to:

democracy@milton-keynes.gov.uk , or The Scrutiny Team, Democratic Services, Milton Keynes Council, Civic Offices, 1 Saxon Gate East, Milton Keynes, MK9 3EJ. Alternatively call 01908 691691 and ask for the Scrutiny Team in Democratic Services.

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