# Executive Report

Cabinet – 12 September 2023

## QUARTER 1 FORECAST OUTTURN, 2023/24
## GENERAL FUND REVENUE, HOUSING REVENUE ACCOUNT, DEDICATED SCHOOLS GRANT AND CAPITAL PROGRAMME


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|---|---|
| Name of Cabinet Member | **Councillor Middleton**<br>Resources |
| Report sponsor | **Steve Richardson**<br>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| Exempt / confidential / not for publication | **No** |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 2023/24 quarter 1 (QTR) forecast outturn for the General Fund (GFRA); Dedicated Schools Grant (DSG); Housing Revenue Account (HRA) and Capital Programme; based upon income and expenditure between 1 April 2023 and 30 June 2023.

General Fund Services are currently forecasting an overspend of £4.019m. The continuing increase in demand and uncertainly around the inflation is causing pressure in year and will also continue into the Medium Term Financial Plan.

The Housing Revenue Account (HRA) forecast outturn is an underspend of £1.265m, which will be offset by an increase in the planned level of Revenue Contribution to Capital (RCCO). There will also be a transfer between reserves (RCCO to Major Repairs Reserve) of (£0.458m) to reflect the decrease value in depreciation linked to our stock values.

Public Health budget is forecasting a contribution from the Public Health reserve of £0.422m. The forecast overspend is as a result of using £0.576m for one-off political priority projects, offset by an underspend in the service of (£0.120m).

The Dedicated Schools Grant (DSG) is forecasting an improved position with an estimated surplus carry forward £6.037m rather than estimated budgeted surplus of £2.897m.

The Capital Programme is reporting an in-year forecast underspend of (£22.057m), of which £21.053m is planned to slip to later years, leaving an in-year underspend of (£1.004m).

The report also includes recommendations to amend the 2023/24 Capital Programme, details of which are included in **Annex's M**.

The Tariff Programme is reporting and underspend of £6.036m, of this amount £6.036m is required to be slipped into 2024/25, leaving a nil variance. The report also includes recommendations to amend the 2023/24 Tariff Programme, details of which are included in **Annex's N**.

## Proposed Decision/s

1.1 That the GFRA forecast outturn of £4.019m against budget be noted, together with the management actions set out at **Annex A** of this report.

1.2 That GFRA savings of £7.490m savings are forecast to be achieved (95% of budget) be noted, which is set out in **Annex B** of this report.

1.3 That the forecast outturn for the HRA is an underspend of £1.265m, which has been funded through 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 £6.037m 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 forecast outturn on the 2022/23 Capital Programme is an underspend of £1.004m after proposed slippage of £21.053m as detailed in **Annex F** of this report be noted.

1.7 That the forecast outturn position of the 2022/23 tariff programme as detailed in **Annex G** be noted.

1.8 That the debt position of the Council at the end of quarter 1 as detailed in **Annex H** are noted.

1.9 That the Write-off of an unrecoverable debts that exceeds £50,000 as detailed in **Annex H** are approved.

1.10 That the Treasury Management report including prudential indicators, as detailed in **Annex I** are noted.

1.11 That the virements to the original budget as detailed in **Annex J** are approved.

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

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

1.14 That the additions and amendments to resource allocation and spend approval for the 2023/24 capital programme and Tariff Programme are detailed in **Annex M** and **Annex N** be approved.

## 2. Why is the decision needed?

2.1 To ensure that the Council delivers a balanced budget in 2023/24 in line with the Council Plan.

**Key Issues**

General Fund Revenue Account (GFRA)

2.2 General Fund Revenue Account (GFRA) – is currently forecasting an overspend of £4.019m. The Corporate Leadership team are currently assessing measures to address the projected overspend to ensure that this is brought back in line with the approved net budget.

2.3 The table below shows the forecast outturn position by service area.

**Table 1 – General Fund Forecast Outturn**

| General Fund High Level Revenue Summary | P3 Position | | |
|---|---|---|---|
| | 2023/24 Full Year Budget | Forecast Outturn | Variance |
| Service | £m's | £m's | £m's |
| Adult Social Care | 98.934 | 101.871 | 2.937 |
| Public Health | 12.517 | 12.517 | 0.000 |
| Children's Services | 55.640 | 56.731 | 1.091 |
| Customer and Community | 6.135 | 6.024 | (0.111) |
| Strategy and Futures | 0.000 | 0.000 | 0.000 |
| Housing and Regeneration | 0.000 | 0.000 | 0.000 |
| Planning and Placemaking | 2.137 | 2.174 | 0.037 |
| Environment & Property | 73.170 | 73.313 | 0.143 |
| Resources - Retained MKC | 5.196 | 4.902 | (0.294) |
| Resources - Shared Services | (0.215) | (0.215) | 0.000 |
| Law & Governance | 2.463 | 2.678 | 0.215 |
| Corporate Codes & Debt Financing | 18.698 | 18.699 | 0.001 |
| Assets Management | (26.030) | (26.030) | 0.000 |
| **General Fund Requirement** | **248.645** | **252.664** | **4.019** |
| New Homes Bonus | (4.542) | (4.542) | 0.000 |
| NNDR | (72.599) | (72.599) | 0.000 |
| RSG | (6.731) | (6.731) | 0.000 |
| Public Health | (12.517) | (12.517) | 0.000 |
| Other Government Grants | (1.879) | (1.879) | 0.000 |
| Council Tax | (150.377) | (150.377) | 0.000 |
| **Total Financing** | **(248.645)** | **(248.645)** | **0.000** |
| **Net Surplus / Deficit** | **0.000** | **4.019** | **4.019** |

2.4 The GFRA forecast outturn variance and management actions set out at **Annex A** of this report.

2.5 General Fund Services are currently reporting a forecast overspend of £4.019m. The Key GFRA Variances are:

***Adult Services***

2.6 Adult Social Care are forecasting an overspend of £2.937m this is due to:

- **Assessment, Review and Hospital Discharge** is forecast to overspend by **£1.563m.** Older people support at home placements has a predicted overspend of £1.200m, the average cost of home care packages has increased by 15% (from £0.017m in January 2023, to £0.020m in June 2023). In addition, there has been an increase of support at home packages (11%) from 484 in January 2023 to 546 in June 2023. An additional £0.905m has been added to 2024/25 budget.

- **Autism Service** is forecast to overspend by **£0.409m,** £0.184m of the overspend relates to one complex package. Currently, there are 52 number of packages, compared to 47 in April 2023.

- **Commissioning and Contracts** is forecasting an underspend of **(£0.789m).** Care home placements are forecast to underspend by (£0.500m), predominately due to increases in client contributions and backpay of income. Domestic Violence is forecast to underspend by (£0.240m) due to grant funding for part of the core Domestic Abuse contract. Additionally, the Manor House Contract is forecast to underspend by (£0.056m) as the number of clients has reduced from 23 to 19.

- **Homelessness** is forecast to overspend by **£0.929m** due to temporary accommodation costs. This is a result of the invest to save project introduced in 2020/21 which can no longer be delivered due to the current financial climate. The project aimed to reduce the overall costs to temporary accommodation by increasing prevention, move-on's and Assured Shorthold Tenancies. The current cost of repairs (including repairs after properties become void) is forecasted to be £0.534m overspent. Hotel use has increased to 21 households in June 2023 and 40 households are presenting as homelessness each week. An additional pressure of £1.4m has been added to the 2024/25 budget to reflect this pressure.

- **Learning Disability** is forecast to overspend by **£0.420m**. External support at home is forecasting an overspend of £0.362m due to the increasing cost of packages, on average this is £0.027m (two packages are costing £0.325m).

- **Mental Health** is forecast to overspend by **£0.084m**, due to an increase in external residential care placements which has a £0.509m overspend but offset by a £0.402m underspend in external supported living placement. The new Supported Living framework is now live so there should be more availability of providers going forward. The pressure for 2024/25 has been increased to reflect the increase in placements.

- **Physical Disabilities** is forecast to overspend by **£0.187m**. This is due to a decrease in CHC joint funding packages. Additionally, Direct Payments are overspending by £0.125m.

- **Reablement, OT and Home Care** is forecast to underspend by **(£0.234m**). This is due to 19 staffing vacancies across homecare (£0.195m). Whilst this service area is experiencing difficulties in recruiting to the vacant posts, a recruitment plan is in place, which included a recent campaign and ongoing adverts.

***Children Services***

2.7 Children Services are reporting a pressure of £1.091m at period 3, this is due to:

- **Children's Social Work Staffing** is forecast to overspend by £0.427m across the Family Support (FST) and Children with Disabilities (CWD) teams. The FST's have restructured into nine new teams, expanding from four previously. Significant investment was put into the budget to fund this change however there are a number of vacancies and long term absences which are being covered by agency staff to ensure statutory social work duties are being met and cases are allocated. Recruiting and retaining permanent staff continues to be a problem and the high level of agency use is putting a pressure on the budget. In addition, the shortage of agency staff means that the cap on agency workers has increased to £42 an hour, 67% of the current agency workers in the FST's are on the top amount.

- **Children's Placements** is forecast to overspend by £0.735m. The minimum allowance paid to in house carers is set by the DFE annually and rates were uplifted by 12.5% in April 2023 (4.5% was allowed for in the budget), this above inflation increase was announced after the budget was set resulting in a in year pressure of £0.383m. The number of residential placements continues to remain high. In 22/23 we had an average of 24 residential placements (up from 16 the year before) and in June 2023 we have 21 placements. We also have two unregulated placements which have significant costs of £17.5k per week each. The pressure for 2024/25 has been increased to reflect the increase in rates and demand.

***Customer & Community***

2.8 Customer & Community are forecasting an underspend of (£0.111m) at period 3, this is mainly due to an error in the budget for recovery of utility costs within the Sustainability team, as full recovery had not been fully reflected in the budget. Gas and electricity costs now being correctly allocated to the services.

***Planning & Placemaking***

2.9 Planning & Placemaking are reporting an overspend of £0.037m. This is mainly due a forecast pressure of £0.178m in land charges income due to a slowdown in the market. This is partially offset against additional DLUHC grant income that has been carried forward of (£0.159m).

***Environment & Property***

2.10 Environment & Property are reporting an overall pressure of £0.143m at period 3. This is due to:

- **Parking Income** – Income continues to steadily increase. Income in 2022/23 was 74% of that in 2019/20 (pre-pandemic) however, as the income trends were still being monitored, the budget for 2023/24 was set at 66%. To date, the income is tracking strongly against the target, and currently forecast to be £9.7m for the year, an increase of (£0.819m) on the budget. However, this forecast may be conservative and will likely to be increased to around £10m in the half year monitoring report. This will be in line with the position in 2022/23. A saving has been added into the 2024/25 budget to reflect this trend of £1m

- **Waste Tonnage and Waste Disposal Costs**

  - The cost of disposing of items of upholstered domestic seating is forecast to be £0.300m following new guidance from the Environment Agency that waste containing persistent organic pollutants (POPs) must go to incineration rather than landfill. A pressure has been added to the 2024/25 budget.

  - Insurance of waste facilities is currently volatile, and the Council was notified late last year of an annual £0.102m increase in costs for 2023/24, this is expected to higher next year as we are seeing a stepped increase over the last few years. A pressure has been added into 2024/25 of £0.200m.

  - Work is being carried out with the support of external specialists to review the MKWRP contract with unbudgeted one-off costs of £0.100m.

- **New Waste and Environmental Service Contract £0.570m -** The decision to award a five-year contract to Suez Recycling and Recovery UK Ltd (Suez) to collect waste, keep the streets clean and maintain council owned green spaces and play areas from 4 September 2023, at the very end of the budget process has resulted in a number of variances mainly due to updated assumptions which had led to an in year pressure in 2023/24, with the full year affect added to next year's budget of £0.717m. Key pressures include
  - Staff costs of £0.220m for the 7 months on the new contract as the pay award for April 2023 was assumed to be 5% when the budget was set but the final pay award was actually 8%.
  - Landscape contract costs are showing a pressure due to a review of the Geographical Information Systems (GIS) data included in the original contract specification. Work is underway to confirm the position but at this stage, it is estimated that there could be a pressure of £0.200m for the 7 months of the new contract following the inclusion of more land parcels in the contract.
  - 2023/24 is a combination of both old (Serco) and new (Suez) contract costs and an assessment was carried out before the budget was set as to the impact of this. The estimated costs are circa £0.150m more than provided for as a one-off pressure essentially due to increased inflation.
- **Street lighting Electricity Costs -** Following an update from the MKCC energy buyer, it is forecast that electricity costs will decrease in October 2023 rather than increase as expected when the budget was set. Whilst this has still to be confirmed and will not be certain until October, the street lighting electricity costs are forecast to be (£0.223m) lower than budget. This saving will be reflected in the updated inflation assumption in the future years budget.
- **Property Staff Costs –** There are a number of staff within the property team that are either recharged to capital or income generating schemes to offset their costs. As the year progresses and schemes are approved in line with planned delegated decisions, this opportunity to recharge becomes clearer. However, currently there are costs of £0.162m that require firm schemes to be allocated against, thus showing as a revenue pressure. Should the level of schemes not be sufficient to offset the costs of agency staff, a review of these costs will be undertaken.

***Resources***

2.11 Resources are reporting an underspend of (£0.294m) this is due to savings from staffing vacancies across the service but mainly in Internal Audit, HR and Professional finance. The vacancies are expected to be recruited to in year.

### *Law & Governance*

2.12 Law & Governance are showing a pressure of £0.215m at period 3 this is due to:

- The legal service has a staff pressure of £0.073m due to the continued use of agency staff to back-fill vacant posts. Legal has also recognised a pressure of £0.021m for annual subscriptions. Legal income is forecasted to be lower than budgeted by £0.058m due to recognising trends in previous actuals received.
- The new voter ID system in place for elections resulted in a pressure of £0.035m from additional equipment required for the May 2023 local elections.

**Housing Revenue Account (HRA)**

2.13 The HRA is currently reporting a forecast underspend of (£1.265m). The underspend will be offset by an increase in the revenue contribution to capital reserves. There will also be a transfer between reserves (RCCO to Major Repairs Reserve) of (£0.458m) to reflect the decrease value in depreciation linked to the stock valuation.

2.14 The details of the HRA variance are included in **Annex C**. The key variations are:

- Social and affordable rental income is forecast to be £0.377m adverse, due to higher than anticipated voids (incl. out of management and Serpentine Court) with 291 units to date compared to a budgeted position of 248 units. Higher right to buy (RTB) stock loss with 13 units sold giving an annual projection of 49 units (budget 27 units).
- Service charges for caretaking and cleaning is forecast to be (£0.418m) favourable because of a change to the service delivery model used when setting the budget. The budget didn’t take into account the removal of the phased capping.
- An increase in interest rates on current balances has led to a saving of (£0.434m) in 2023/24, although this will not be ongoing as cash balances are utilised.
- The latest inflation forecast on utilities predicts that electricity will increase by 8% from October 2023 which has resulted in a pressure of £0.036m, when forecasting based on prior year usage, gas costs will increase by 6% but reduce by 12% from October 2023 which results in a favourable forecast in Sheltered Housing of (£0.161m).
- Caretaking budgets for utilities based on the latest predictions has resulted in a forecast favourable movement of (£0.307m) on gas costs.

**Public Health**

2.15 Public Health is forecasting an overspend of £0.422m which will be a contribution from the ring-fenced reserve. The forecast overspend is as a result of using £0.576m for one-off political priority projects, offset by a continued underspend in Smoking Cessation Service (£0.120m) due to demand for the service not returning to pre covid levels. The demand trend is being reviewed and monitored regularly.

**Dedicated Schools Grant (DSG)**

2.16 When the budget was set, it was anticipated that there would be a surplus carry forward of £2.897m into 2024/25, however the forecast carry forward is a surplus of £6.037m.

2.17 The main area 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. In addition, 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. Pending education reforms also add to the uncertainty to future funding levels.

**Delivery of Savings**

2.18 Savings of £7.723m were approved for implementation in 2023/24, and £0.163m savings were carried forward from 2022/23, resulting in a total of target of £7.886m to deliver in 2023/24. £7.490m (95%) is forecast to be delivered in year, and £0.396m (5%) will either not be delivered until next year or are undeliverable.

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 The Collection Fund for Business rates will have an in- year surplus for 2023/24, details of this are set out in Annex K. Surpluses will be released into the General Fund in 2024/25.

2.22 The current position of the Collection Fund is reported in **Annex K**.

**Reserves**

2.23 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;
- Hold ring-fenced funds such as specific grants, trusts, schools or the HRA.

2.24 Reserves can only be spent once, and the on-going discipline of not using reserves to manage on-going expenditure must remain. Reserves are monitored during the year and reviewed at year end and when setting the budget.

2.25 The Council also has a working balance of £26.048m. This is below the minimum recommended level for 2023/24. Management actions are required to reduce the overspend in year to bring the General Fund balance back up in line with the minimum recommended level.

2.26 **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.

2.27 The Council reserves are forecasting to increase from £172.493m to £204.693m by the 31 March 2024. The key increase in reserves relates to:

- Collection Fund Cashflow Reserve (£25.494m) – Our share of the surplus on Council Tax and Business Rates from the previous year cannot be used until the following financial year. This reserve is held to deal with the volatility of business rates income as a result of unexpected changes to income from appeals and potential future changes to the system by government and to help fund the pressures within the MTFP.
- Capital Reserve (£24.433m) – Using the Collection Fund Surplus to fund the pressure we have in the Capital Programme over the MTFP.
- Political Priority & Council Plan Reserves £8.407m – This reserve funds the Political Priorities & Council Plan Priorities of the Council agreed as part of the budget process.
- Waste asset renewal fund £3.918m - Through annual revenue contributions, the Waste Renewal Fund will be built up to enable the capital financing of replacement waste vehicles, once they reach the end of their useful life.

## Revisions to the Capital Programme

2.28 There are a number of schemes that were not included in the original 2023/24 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 M**) in the 2023/24 capital programme. **Table 2** summarises the changes on the capital programme.

**Table 2– Summary of the changes to the 2023/24 Capital Programme**

| | Resource Allocation 23/24 | Spend Approval 22/23 | Total Resource Allocation | Total Spend Approval |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| 2023/24 Capital Programme as agreed July 2023 Cabinet | **230.987** | **214.732** | **539.061** | **354.094** |
| New Projects | 0.369 | 0.369 | 2.419 | 2.419 |
| Amendments to Existing Project | 4.436 | 4.436 | 6.886 | 6.886 |
| **Total** | **235.792** | **219.537** | **548.365** | **363.399** |

2.29 New schemes submitted for inclusion in the 2023/24 capital programme are:

a) The Family Assessment & Support Team (FAST) relocation to Warwick Road £0.427m – To note the DD approved on 25 July 2023 to move the FAST team currently located in 135 Johnathan's to Warwick Road Activity Centre. The current location is no longer fit for purpose to. This project will be funded from the Property Reserve.

b) Local Authority Housing Fund (LAHF) £2.443m – The Government announced a second round of Local Authority Housing Fund (LAHF) in June 2023. This capital fund is intended to help local authorities provide long term housing solutions for Afghan and Ukrainian arrivals who are homeless or at risk of becoming homeless. The Delegated Decision was approved on the 8 August 2023 to agree Resource Allocation and spend approval for the LAHF (round 2) to purchase a maximum of 6 properties for use by Afghan and Ukrainian arrivals at risk of homelessness. Over 300 Afghan refugees are being housed in hotels at the present time and whilst this is a limited action in addressing the wider issue, it is seen as a step in the right direction. This project will be funded by the LAFH grant and match funded by MKCC using un-ringfenced Homes for Ukraine grant funding.

c) Additional On Street Charging £0.428m – Grant funding has been awarded from The Office for Zero Emission Vehicles (OZEV) to deliver on-street charging solutions for residents with no access to charging at home (i.e. driveway). The Initiative will fund 60% of the cost of the installations. Our supplier BP Pulse will provide the 40% contribution required from the private sector and will be responsible for the delivery, management and maintenance of the infrastructure in line with their contractual arrangements in their existing installation, operational management and maintenance contract with MKCC.

d) Local Electric Vehicle Infrastructure (LEVI) £1.642m - The Office of Zero Emission Vehicles (OZEV) has allocated MKCC £1.6m grant funding (plus private sector match-funding) from the Local Electric Vehicles Infrastructure (LEVI) fund to expand our provision of Electric Vehicle charging infrastructure across Milton Keynes. The LEVI fund aims to:

- Deliver a step change in the deployment of low power, on street charging infrastructure
- Accelerate the commercialisation of and investment in the charging infrastructure sector
- Benefit residents without off street parking Jan 2024 – March 2025 On site delivery of scheme

e) Magiovinium Public Footpath Crossing £0.250m - To seek Resource Allocation and Spend Approval to utilise Section 106 and Tariff funding to deliver a footpath connection across the adjacent Scheduled Ancient Monument (SAM) site known as 'Magiovinium'. This is part of the new development at Eaton Leys and will improve connections between the development and the rest of the city.

f) Junction improvement schemes in and around Milton Keynes £0.500m – Tariff funding is sought for Feasibility Design Works on a number of junction improvements that will increase capacity and improve traffic flows on the highway network. An initial network study by the MKCC Transport Team has identified multiple junctions, of strategic importance that are intended to be investigated for improvement, as part of this project. The highways authority has prioritised 6 of these identified junctions for further feasibility investigation.

g) Tattenhoe Park Neighbourhood Play £0.400m – Resource Allocation and Spend Approval is required to deliver a new Neighbourhood Play Area (NEAP) at Tattenhoe Park in the Western development area and seek the agreement to utilise Tariff funding to lay out the play areas including the outdoor gym provision as designed and submitted for planning permission.

h) Resident Leaseholder Shared Equity Proposal Serpentine Court.

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

a) St Pauls School - Special Provision £0.268m - Additional Resource Allocation and Spend Approval is requested to fund the extra cost resulting in a delay to the delivery of the project. This will be fully funded from the Special Provision Capital Fund.

b) Fairfields Playing Fields Ecological Mitigation £0.100m – Additional Resource Allocation and Spend approval funded from Tariff is required to complete the soft landscape works to comply with District Licence newt mitigation requirements and prevent enforcement action, include all remaining tree and shrub planting, aquatic and scrub planting, grass establishment works and installation of Hibernacula.

c) Brinklow V11 Improvements £2.450m – Use of Tariff funding to progress with the preliminary design, consultation, and installing the traffic signals on Brinklow Roundabout. The aim of the project is to increase the junction capacity and to improve the existing highway network along the V11 corridor between (and including) the Monkston and Brinklow junctions and to accommodate forecast growth associated with the development of the Eastern Expansion area of Milton Keynes.

d) Emberton Park – Changing Places £0.027m - Grant funds were awarded to provide a Changing Places facility at Emberton park. In addition, work needs to be done to check land suitability and access to appropriate levels of services. The grant will not cover investigative work, foundations or the necessary improvements to the bridlepath to enable wheelchairs suitable access, therefore a further £0.027m Resource Allocation and Spend Approval is required funded from Developer Contributions.

**2023/24 Forecast Outturn**

2.31 **Table 3** shows a summary of the forecast position for the 2023/24 capital programme compared to budget (resource allocation). The outturn position shows an underspend of (£22.057m); however, after slippage of £21.053m, this will result in an underspend of (£1.004m) in year.

2.32 Detailed individual project outturn, including total project positions are detailed in **Annex F**.

**Table 3: Capital Programme – 2023/24 Outturn at 31 March 2024**

| Capital Summary | In Year Forecast Outturn | | | Forecast Outturn after Slippage | |
|---|---|---|---|---|---|
| | 2023/24 Revised Budget | 2023/24 Forecast Outturn | In year Variation | Project Slippage to later Years | 2023/24 Under/ Overspend |
| **Service** | **£m's** | **£m's** | **£m's** | **£m's** | **£m's** |
| Adult Social Care | 0.068 | 0.068 | 0.000 | 0.000 | 0.000 |
| Children Services | 29.095 | 28.586 | (0.510) | 0.000 | (0.510) |
| Housing and Regeneration – HRA | 88.515 | 66.855 | (21.660) | 20.753 | (0.907) |
| Housing and Regeneration - GF | 1.328 | 1.725 | 0.397 | 0.000 | 0.397 |
| Customer and Community | 3.297 | 3.297 | 0.000 | 0.000 | 0.000 |
| Planning and Placemaking | 12.824 | 12.524 | (0.300) | 0.300 | (0.000) |
| Environment and Property | 99.556 | 99.572 | 0.016 | 0.000 | 0.016 |
| Resources | 1.109 | 1.109 | 0.000 | 0.000 | 0.000 |
| **Capital Programme Requirements** | **235.792** | **213.735** | **(22.057)** | **21.053** | **(1.004)** |
| **Capital Financing** | | | | | |
| Capital Receipts | (27.464) | (27.464) | 0.000 | 0.000 | 0.000 |
| Major Repairs Reserve | (16.413) | (16.413) | 0.000 | 0.000 | 0.000 |
| Government Grants | (95.984) | (95.984) | 0.000 | 0.000 | 0.000 |
| Prudential Borrowing | (29.970) | (29.970) | 0.000 | 0.000 | 0.000 |
| Developer Contribution | (12.688) | (12.688) | 0.000 | 0.000 | 0.000 |
| Third Party Contributions | (0.566) | (0.566) | 0.000 | 0.000 | 0.000 |
| Parking Income | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Revenue Contributions | (47.488) | (47.488) | 0.000 | 0.000 | 0.000 |
| New Homes Bonus | (5.219) | (5.219) | 0.000 | 0.000 | 0.000 |
| **Total Capital Financing** | **(235.792)** | **(235.792)** | **0.000** | **0.000** | **0.000** |
| **Net Surplus / Deficit** | **(0.000)** | **(22.057)** | **(22.057)** | **21.053** | **(1.004)** |

2.33 Key Project Variances

a) Glebe Meadows Primary & Secondary School (£0.457m) - The project is in 12-month aftercare phase with final retention payment to be released after any defect's rectification in September 23. Forecast includes any remaining fees, and the underspend can be re-allocated.

b) Melish and Gables Demolition (£0.900m) - Demolition of both tower blocks completed. Foundations being excavated at Mellish Court, unknown ground conditions and possibility of asbestos in the ground is not as bad as anticipated, leading to an underspend.

c) Disabled Facilities Grant £0.397m – Commitment to complete 155 cases in 2023/24 costing £1.7m. The Council has a statutory duty to help meet the costs for essential adaptations.

2.34 2023/24 Key Slippage to later Years

a) The Lakes Estate Regeneration £20.631m – Project forecasting to slip into future year. The procurement of this project has been complicated and delayed the project. Works expected on site towards the end of 2023/24 hence slippage.

b) Replacement of Planning IT system £0.300m – Replacement of Planning, Building Control & Land Charges IT systems if forecasting the slip into 2024/25. The Procurement route is proposing to change from an open tender to G cloud resulting in delays to the start of the project.

**Revisions to the Tariff Programme**

2.35 The revised programme is detailed in **Annex N** and included the following amendments to the Programme:

a) Fairfields Playing Fields Ecological Mitigation £0.100m – Virement to move Green Space Tariff funding to this project to complete the soft landscape works to comply with District Licence newt mitigation requirements and prevent enforcement action, include all remaining tree and shrub planting, aquatic and scrub planting, grass establishment works and installation of Hibernacula.

b) Brinklow V11 Improvements – To rephase the Tariff funding to 2025/26 in line with the new capital scheme outlined in para 2.30 C above.

c) WEA Junction Improvements - To rephase the Tariff funding to 2027/28 to reflect the new capital scheme outlined in para 2.29 F above.

2.36 The new schemes submitted for inclusion in the 2023/24 Tariff programme are:

a) Tattenhoe Park Neighbourhood Play £0.400m – To use Green Space Tariff funding already approved in the Tariff budget, to deliver a new Neighbourhood Play Area (NEAP) at Tattenhoe Park in the Western development area. The play area includes the outdoor gym provision as designed and submitted for planning permission.

b) Magiovinium Public Footpath Crossing £0.250m - To deliver a footpath connection across the adjacent Scheduled Ancient Monument (SAM) site known as 'Magiovinium'. This is part of the new development at Eaton Leys and will improve connections between the development and the rest of the city.

c) Fairfields Tudor Gardens Redway £0.500m - Tariff funding required to provide a missing Redway link from the Fairfields (WEA 11) to Stony Stratford via Calverton End, a length of approximately 150 meters, the scheme also includes traffic calming measures along the H1 Ridgeway.

d) MK Museum Redevelopment £0.040m – Use of Tariff Museum and Archive budget to match fund the Museum Trust and Foundation funds acquired for MKM's Ancient Gallery. Phase 1 delivery of the funded scheme is to be completed over 12 months.

**2023/24 Tariff Forecast Outturn**

2.37 **Table 4** shows a summary of the forecast outturn for the Tariff programme compared to budget for 2023/24. The current position shows a forecast underspend of £6.036m; however, after slippage of £6.036m, this becomes a nil variance overall.

2.38 Detailed individual project forecast outturn position, including total project positions are detailed in **Annex G.**

**Table 4 - Tariff Monitoring**

| Tariff Summary | Forecast Outturn | | | Slippage | |
|---|---|---|---|---|---|
| | 2023/24 Project Budget | 2023/24 Forecast Outturn | In year Variation | Project Slippage to later Years | 2023/24 Under/ Overspend |
| **Service** | **£m's** | **£m's** | **£m's** | **£m's** | **£m's** |
| Roads and Highways | 4.494 | 2.211 | (2.283) | 2.283 | 0.000 |
| Public Transport | 1.233 | 0.500 | (0.733) | 0.733 | 0.000 |
| Schools | (0.000) | 0.000 | 0.000 | (0.000) | 0.000 |
| Leisure and Culture | 9.495 | 9.222 | (0.273) | 0.273 | (0.000) |
| Social Care and Health | 5.010 | 5.000 | (0.010) | 0.010 | 0.000 |
| Other Services | 5.519 | 3.470 | (2.049) | 2.049 | 0.000 |
| Costs of Running Tariff | 0.174 | 0.174 | 0.000 | (0.000) | (0.000) |
| Works in Kind | 18.786 | 18.097 | (0.689) | 0.689 | 0.000 |
| **Tariff Programme** | **44.710** | **38.674** | **(6.036)** | **6.036** | **0.000** |
| **Tariff Financing** | | | | | |
| Tariff Receipts | (44.710) | (44.710) | 0.000 | 0.000 | 0.000 |
| **Total Tariff Financing** | **(44.710)** | **(44.710)** | **0.000** | **0.000** | **0.000** |
| **Net Surplus / Deficit** | **0.000** | **(6.036)** | **(6.036)** | **6.036** | **0.000** |

2.39 2023/24 Key Slippage to later Years

- A422 Junction Improvements £2.000m – The scheme is unlikely to be delivered this year due to other works on other junction and this being a diversion route for these other works. The funding will be required in future years.
- Phase 2 Expansion Teaching & Learning £2.000m - Study work is ongoing to inform future development proposal for this scheme which is unlikely to happen this financial year. Funding will be used in future years once the proposals has been developed and agreed.

- Planning & Transport Patronage and Subsidy £0.500m – Currently there are no proposals that are likely to be developed for this financial year. The funding will be required in future years.
- Works in kind £0.689m- The majority of the works covered by this element have been or are in the process of being delivered. The Council acknowledges the completion of the works when the credits are recovered against contributions due which will always be later.

**Debt Collection and Performance**

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

2.41 The Council's scheme of delegation requires that where the value of an individual debt to be written off exceeds £20,000 it should be referred to Cabinet for authorisation following the relevant approval by s151 Officer.

2.42 There were no debts written off in Q1 that exceeds £50,000 and requires authorisation.

2.43 Full details of the Debt Collection and Performance can be found in **Annex H**.

Treasury

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

Virements

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

Procurement Waivers

2.46 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

| | | | |
|---|---|---|---|
| Financial | X | Human rights, equalities, diversity | |
| Legal | X | Policies or Council Plan | X |
| Communication | | Procurement | |
| Energy Efficiency | X | Workforce | |

### 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.

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

## 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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## List of annexes

Annex A – GFRA Variances

Annex B – Savings Tracker

Annex C – HRA Variances

Annex D – DSG Variances

Annex E – Reserves Position

Annex F – Capital Monitoring

Annex G – Tariff Monitoring

Annex H – Debt Position

Annex I – Treasury

Annex J – Virements

Annex K – Collection Fund

Annex L – Procurement Waivers

Annex M - Capital Programme Additions

## Background papers - None