

Cabinet report



7 September 2021

QUARTER 1 FORECAST OUTTURN, 2021/22 GENERAL FUND REVENUE, HOUSING REVENUE ACCOUNT, DEDICATED SCHOOLS GRANT AND CAPITAL PROGRAMME & COVID- 19 FINANCIAL UPDATE

Name of Cabinet Member	Councillor Middleton 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Exempt / confidential / not for publication	No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 2021/22 Quarter 1 (QTR) forecast outturn for the General Fund (GFRA); Dedicated Schools Grant (DSG); Housing Revenue Account (HRA) Capital Programme and Tariff Programme; based upon income and expenditure as at 30 June 2021.

The Council are currently forecasting a General Fund underspend of £0.737m at the end of period 3.

The Housing Revenue Account (HRA) forecast outturn is £1.359m underspend, which will be offset by an increase in the planned level of Revenue Contribution to Capital (RCCO).

Public Health budget is forecasting an overspend of £0.449m which will be offset by a transfer from the Public Health reserve.

Dedicated Schools Grant (DSG) budget was set with an estimated surplus carry forward into 2021/22 of £2.994m, the position at 31 March 2022 is a surplus carry forward of £3.431m.

The Capital Programme is reporting an in year underspend of £7.150m, of which £4.531m is planned to slip to later years, leaving an in year underspend of £2.619m. The total project cost is currently forecast to be £3.011m underspent overall.

The report also includes recommendations to amend the 2021/22 Capital Programmes and Tariff Programme, details of which are included (**Annexes M and N**).

The Tariff Programme is reporting an underspend of £0.329m, of this amount £0.329m is required to be slipped into 2022/23, leaving a nil variance.

1. Decision/s to be made

- 1.1 That the GFRA forecast outturn of £0.737m underspend be noted, together with the management actions set out at **Annex A** of this report.
- 1.2 That GFRA savings of £5.060m savings are forecast to be achieved (97% of budget) be noted, which is set out in **Annex B** of this report.
- 1.3 That the outturn on the HRA is break even, after an increase in the transfer to reserves be noted, together with the management actions set out at **Annex C** of this report.
- 1.4 That the DSG forecast surplus carry forward of £3.431m 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 Capital Programme of £3.011m underspend for the total project of which £2.619m underspend is in 2021/22 as detailed in **Annex F** of this report be noted.
- 1.7 That the draft outturn position of the 2020/21 tariff programme as detailed in **Annex G** be noted.
- 1.8 That the debt position of the Council at the end of quarter 4 is detailed in **Annex H** are noted.
- 1.9 That the Treasury Management report including prudential indicators, as detailed in **Annex I** are noted.
- 1.10 That the virements to the original budget as detailed in **Annex J** are noted.
- 1.11 That the current position on the Collection Fund as detailed in **Annex K** are noted.
- 1.12 That the procurement waiver decisions as detailed in **Annex L** are noted.

1.13 That the additions and amendments to resource allocation and spend approval for the 2021/22 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 2021/22 in line with the Council Plan.

Key Issues

General Fund Revenue Account (GFRA)

2.2 General Fund Revenue Account (GFRA) – is reporting a forecast underspend of £0.737m at the end of period 3.

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

Table 1 – General Fund Draft Outturn

General Fund High Level Revenue Summary	P3 Forecast Outturn Position		
	2021/22 Full Year Budget	Forecast Outturn	Variance
Service	£m's	£m's	£m's
Adult Social Care	79.557	79.734	0.177
Public Health	11.728	11.728	(0.000)
Children's Services	55.314	55.339	0.025
Policy, Insight & Communications	5.876	5.937	0.062
Strategy and Futures	0.259	0.257	(0.003)
Housing and Regeneration	0.383	0.373	(0.010)
Planning, Strategic Transport and Placemaking	2.432	1.930	(0.502)
Environment and Property	65.716	65.112	(0.604)
Resources - Retained MKC	(1.177)	(1.149)	0.028
Resources - Shared Services	5.171	5.172	0.000
Law & Governance	2.260	2.271	0.011
Corporate Codes	(2.826)	(2.826)	0.000
Assets Management	(26.030)	(26.030)	0.000
Total service expenditure and income	198.663	197.848	(0.815)
Financing costs - Debt financing	3.006	3.006	0.000
General Fund Requirement	201.669	200.853	(0.815)
Total Financing	(201.669)	(201.590)	0.078
Net Surplus / Deficit	0.000	(0.737)	(0.737)

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

2.5 The Key Variations and Service summaries in P3 are:

Adult Social Care

2.6 Adult Social Care are forecasting an overspend of £0.177m at the end of period 3 this is due to:

- a) Care Home Block Contract – Forecast pressure of £0.255m, due to a bad debt provision £0.120m (12 bad debt write-offs pending) and £0.135m bed release.
- b) Learning Disability and Mental Health – Forecast pressure of £0.597m due to increased demand e.g. the service has confirmed that there are 30 young people reaching the age of 18 with significant ongoing care support needs.
- c) Extracare Village – Forecast underspend of £0.284m due to reduction of residents.
- d) Internal Homecare and Reablement - £0.348m underspend forecast due to vacant staff posts.

Children Services

2.7 The children service is forecasting an overspend of £0.025m. This is due to the children's centres and libraries continuing to see a reduction in their income since fully reopening and services resuming. The forecast loss of income for 2021/22 in addition to the reduction in the 21/22 budget of £0.113m is £0.149m and £0.073m retrospectively. The level of take up has been slower than predicted. This pressure is offset by salary saving within the service due to vacant posts.

2.8 Although not currently including in the forecast there is a risk around the demand for Children's Placements - Whilst the number of LAC remains stable there were several high cost placements required during 2020/21, a number of these placements have continued into 2021/22. The contingency being held for new placements will be monitored during the year to manage demand, however during period 3 there were a number of external placements required due to the lack of in-house capacity. The number of other placements such as special guardianship and adoptions continue to increase which is positive for permanency for the children, however there is a financial cost to supporting these placements.

Planning, Strategic Transport and Placemaking

2.9 The service is reporting an overall underspend of £0.502m due to Planning income £0.530m and Land Charges income £0.117m being better than expected. This is offset by additional costs incurred in agency and interim staffing to the value of £0.200m.

2.10 Planning income was a key demand pressure post COVID-19 in 2021/22 (£0.674m pressure) with amendments approved in the 2021/22 and 22/23 budget. This pressure appears to be lower in 2021/22 but possibly matching the 2022/23 and longer-term position.

Environment and Property

2.11 Environment and property are reporting and underspend of £0.604m in period 3 this is due to:

- a) Parking income is looking better as at the end of June; if the income achieved in June continues for the rest of the year, then this will be an improvement of £1m on the 2021/22 budget where we removed £8.460m as an ongoing pressure. Realistically, the position is expected to be better than this but quantifying this will be strengthened over the next few months once the impact becomes a bit clearer as the impact of the easing of restrictions emerges.
- b) Concessionary fares are forecasting an underspend of £0.600m – the budget being based on 80% patronage but for the beginning of the year, this has been at 60%. Provision is built in for increased costs post September once central government funding to operator's changes.
- c) Residual and food and garden waste tonnage has been higher than expected in April and May. If this continues, then there will be added costs of £0.466m plus additional contamination costs of £0.086m. In addition, there is a pressure of £0.170m relating to insurance at the RWTF, as reported in 20/21.

Finance and Resources

- d) Resources are reporting a pressure of £0.117m in period 3, mainly due to £0.100m on going IT licence pressure post covid due to more staff working from home

Corporate item

2.11 In the 2021/22 budget only £0.270m was set aside to cover pay inflation for lower paid salaries as there was a Public Sector Pay freeze. Employers have however offered a 1.5% pay inflation increase which is yet to be agreed by the Unions but is expected to be a pressure of £1.4m. This will be funded from the contingency.

Housing Revenue Account (HRA)

2.12 The HRA is currently reporting a forecast underspend of £1.359m which will be offset by an increase in contribution to capital, the reasons for this are set out in **Annex C**.

2.13 Key HRA Variances

- a) Underspends due salary pressure added for 2021/22 budget for increased workforce not yet recruited to £0.756m under the Asset Management team due to difficulty in attracting suitably qualified candidates in a booming building sector.
- b) The budget pressure for the loss of rental income from the Towers as a result of the decant was included in the Asset Management budget, along with all other associated revenue costs of the decant (waking watch, stripping out, homelessness etc.). However, this was double counted during budget setting whereby the rental income budget (reported against Housing Operations budget) also included an adjustment for the loss of stock, therefore a favourable variance of £0.517m is reported in Asset Management. There is a new pressure identified of £0.086m in relation to Council Tax voids which will be chargeable until the demolition order is granted.
- c) Surplus net rent income from higher opening stock £0.193m.

Public Health

2.14 Public Health is forecasting an overspend of £0.449m (overall there is a net nil variance after use of reserves as the funding is ring-fenced). The forecast overspend is as a result of using £1.008m for one-off projects, offset by changes in behaviour and reduced access to services during Covid-19 and the associated lockdowns, there has continued to be an underspend in Sexual Health service £0.120m and the Health Check service £0.106m due to the re-prioritisation of GP appointments. The Smoking Cessation service is also forecasting an underspend of £0.092m due to low uptake in the service.

2.15 For Period 3 Public Health is forecasting a contribution of £0.449m from the Public Health reserve after using £1.008m for one-off projects, decreasing the value of the reserve from £2.379m to £1.930m.

Dedicated Schools Grant (DSG)

2.16 When the budget was set, it was anticipated that there would be a surplus carry forward of £3.345m from 2020/21, however the actual carry forward was a surplus of £3.657m an improved position of £0.312m. The 2021/22 budget was set with a budgeted surplus carry forward of £2.994m, however the period 3 forecast surplus carry forward is £3.431m, an improved position of £0.437m against budget. Further information can be found in **Annex D**.

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

2.18 The main areas of risk are in high needs where there have been increases in the number of children requiring support and 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 of this block remains uncertain. The early years block is very volatile and remains uncertain in terms of the level of take up due to the impact of COVID-19. There is a low level of contingency in the block in which to deal with the pressures should they arise.

Delivery of Savings

2.19 Savings of £4.810m were approved for implementation in 2021/22, and £0.381m savings were carried forward from 2020/21, resulting in a total of target of £5.191m to deliver in 2021/22. £5.010m (97%) is forecast to be delivered in year, and £0.181m (3%) will either not be delivered until next year or are undeliverable.

2.20 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

2.21 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.

2.22 It is currently forecast that the Collection Fund for Council Tax will be in surplus for 2021/22. This is due to the impact of Covid-19 not being as severe as originally estimated when the budget was set. Business rates will have an in-year deficit for 2021/22 due to the continuation of the enhanced reliefs for the retail and hospitality sector. This deficit will be fully funded in 2021/22.

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

Reserves

2.24 The main reasons the Council holds reserves are to:

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

2.25 Whilst some anticipated one off COVID-19 grant funding for 21/22 has been utilised to help balance the budget in future years, 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.

2.26 The Council also has a working balance of £28.799m. This is above the minimum recommended level for 2021/22. This balance is after a commitment of c£2m has been set aside as a contingency to respond to COVID-19 in line with the 2021/22 Budget.

2.27 The council's overall forecast reserves balance is expected to decrease from £276.9m to £201.3m by the 31 March 2022, however £38.9m relates to using the COVID-19 business grants, £3.1m is financing the collection fund deficit, and £10.3m has been committed against the Political Priority reserve (Annex W – agreed as part of 20/21 budget) and the Council Plan 2021/22 Reserve.

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

Revisions to the Capital Programme

2.29 There are a number of schemes that were not included in the original 2021/22 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 2021/22 capital programme.

2.30 **Table 2** summarises the changes on the capital programme.

Table 2– Summary of the changes to the 2021/22 Capital Programme

	Resource Allocation 21/22	Spend Approval 21/22	Total Resource Allocation	Total Spend Approval
	£m	£m	£m	£m
2021/22 Capital Programme as agreed July 2021 Cabinet	169.992	169.992	476.770	268.986
New Projects	8.708	8.171	67.518	8.171
Amendments to Existing Project	1.427	1.427	0.361	1.427
Total	180.127	179.590	544.649	278.584

2.31 The new schemes submitted for inclusion in the 2021/22 capital programme are:

a) Towns Funding £22.7m - MKC was awarded £22.7m Towns Fund for the delivery of 9 projects, the Heads of Terms were signed in March 2021. The next stage is the development of the '5 case' business cases for the 9 projects by 24 March 2022. The projects are:

- i) Innovation Hub £3.05m
- ii) Revolving Development Fund £8.91m

- iii) Transport Hub £3.91
- iv) Public Realm Improvements £2.10m
- v) Redway Improvements £0.76m
- vi) Tech Park Bletchley £0.92m
- vii) Transformation at Bletchley Park £2.24m
- viii) Fibre Connectivity £0.10m
- ix) Active Marketing of vacant sites £0.71m

There is a Towns Deal Board established which is a stakeholder group that monitors progress and leads engagement. An update on the progress to date of the Towns Deal is included elsewhere on this agenda.

- b) Future ICT £1.700m – The purpose of the project is to identify the best and most affordable solution to replace the Councils ICT infrastructure / Data Centre environments, which are reaching end of life. The hardware is installed at both Northampton and Cambridge with Northampton being the primary site and Cambridge the secondary site for Business Continuity and Disaster Recovery (BCDR) with Data replicated between the sites. The hardware would be replaced with new models and the legacy system moved and held on the Cloud. This project will be taken to Delegated Decision on the 31st August for procurement approval and will be funded from £0.950m from the existing ICT Capital Asset Funding Programme, with the balance to come from General fund reserves.
- c) VDI Replacement with Laptops £1.650m – With the change to the Servers, VDI replacement required and the use of Audio/Video from the desktop used for Microsoft TEAMS. Budgets have been requested for the replacement of the VDI Infrastructure and on-going laptop needs, with the anticipated plan to initially procure 1200 laptops with a rolling programme of replacements. This project will be taken to Delegated Decision on the 31st August for procurement approval and will be funded from £0.236m that is currently within the capital programme, and the balance to come from General Fund reserves set aside for transformation.
- d) In February 2021 Milton Keynes Council was awarded an additional £2.8m of grant funding to address the backlog of Potholes. At the same time the capital allocations for highways maintenance and highways incentive funding were announced, with the allocations for MKC being £1.426m lower than anticipated in the budget. Much of the capital allocation had already been assigned to surface dressing, therefore the funding of this project has been revised with £1.426m of the Pothole funding being used to finance the existing surface dressing programme. The remaining allocation of £1.417m has been allocated £0.767m to be used for additional surface dressing and £0.650m being allocated to potholes over 10m2.

- e) Agora Regeneration £36.591m - The Resource Allocation for the regeneration of the Agora shopping Centre was supported by Cabinet on the 13th July 2021 and approved by Council 14th July 2021. The project has been added to the Capital Programme and will be funded through Prudential borrowing.
- f) Parking and Street Improvements at Agora and Wolverton High Street £3.761m were approved by Delegated Decision on the 15th June 2021 be added to the capital programme. The Resource allocation of £3.761m was approved and will be funded from £1.6m New Homes Bonus previously set aside in the pipeline capital programme towards this project. The balance of £2.161m will be funded from General Fund reserves.
- g) Assets Rationalisation Programme £0.325m - The Asset Rationalisation Programme is an ongoing piece of work that involves many buildings and services across the council. Moving services currently based elsewhere into Civic will release assets that are part of that programme. In addition, the Smarter Working arrangements will require some reconfiguration of the building, these works and future phases will enable this to be fully implemented. Initial Resource Allocation of £0.325m is being requested and funded from capital receipts generated as part of this programme.

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

- a) Whitehouse Community Facility £0.500m - This proposal has resource allocation of £1.4m tariff agreed by Cabinet in July 2020. The initial budget was based on a shared delivery strategy with the new school build of Watling Academy. The predicted savings have not materialised, and the project is now requesting to go out to open tender. Based on the benchmark delivery costs provided by Gleeds, there is a requirement for additional funding of £0.500m. This project will be funded by Tariff.
- b) Solar Photovoltaic Proposal MKWRP £0.220m was included in the 2021/22 Capital Programme agreed by Cabinet in July. In addition a further £0.735m was approved for the Environmental Services Commissioning – Private Wire scheme at the same meeting, however the £0.220m for the Solar project was going to be used to fund this new project, therefore a duplication of £0.220m was included in the programme approved in July. This is an adjustment to the 2021/22 Capital programme and no further funding is required.
- c) Calverton Lane Primary School £0.500m – The School currently has an approved resource allocation of £10m and is requesting a further £0.500m to fund the project. The project has progressed to the end of Stage 2 (Concept design) and the cost plan indicates that the proposed concept design is estimated to be higher than originally budgeted for a number of reasons, such as changes in market conditions including inflation, cost

prices and Brexit, and site abnormalities that were not foreseen when the original budget was requested. The additional Resource allocation will be funded through Basic Needs Funding.

- d) Lakes Estate - Commercial & Community Development - £3.000m – The commercial and community element of the Lakes Estate Regeneration Phase A has now been reassessed and a total estimate of £3m of costs have been identified as relating to the General Fund. We have sought external advice on our assumptions about appropriate funding splits for wider regeneration costs within housing projects and we are currently awaiting feedback, so this figure may need to be refined when that advice is received and if so, will be reported to Cabinet in December 2021. It's requested that a new project be set up for the General fund for these elements funded from Capital receipts. The HRA Lakes Estate project has been reduced by the corresponding amount.

2021/22 Capital Outturn

2.33 **Table 3** shows a summary of the Forecast outturn position for the 2021/22 capital programme compared to budget (resource allocation). The current position shows an underspend of £7.150m; however, after slippage of £4.531m, this will result in an underspend of £2.619m in year.

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

Table 3: Capital Programme – 2021/22 Forecast at 30 June 2021

Capital Summary	Forecast to Year End			Forecast after Slippage	
	2021/22 Revised Budget	2021/22 Forecast Outturn	In year Variation	Project Slippage to later Years	2021/22 Under/Overspend
Service	£m's	£m's	£m's	£m's	£m's
Adult Social Care	0.277	0.277	0.000	0.000	0.000
Children Services	38.081	37.675	(0.406)	0.032	(0.374)
Housing and Regeneration - HRA	96.377	89.956	(6.421)	4.166	(2.255)
Housing and Regeneration - GF	1.632	1.300	(0.332)	0.332	0.000
Corporate Core	3.188	3.188	0.000	0.000	0.000
Policy, Insight & Comms	0.063	0.063	0.000	0.000	0.000
Growth, Economy and Culture	7.646	7.655	0.009	0.000	0.009
Environment and Property	30.479	30.479	0.000	0.000	0.000
Resources	2.384	2.384	0.000	0.000	0.000

Capital Programme Requirements	180.127	172.977	(7.150)	4.531	(2.619)
Capital Financing					
Capital Receipts	(11.306)	(11.306)	0.000	0.000	0.000
Major Repairs Reserve	(21.618)	(21.618)	0.000	0.000	0.000
Government Grants	(49.947)	(49.947)	0.000	0.000	0.000
Prudential Borrowing	(47.876)	(47.876)	0.000	0.000	0.000
Developer Contribution	(17.286)	(17.286)	0.000	0.000	0.000
Third Party Contributions	(0.437)	(0.437)	0.000	0.000	0.000
Parking Income	(0.047)	(0.047)	0.000	0.000	0.000
Revenue Contributions	(29.423)	(29.423)	0.000	0.000	0.000
New Homes Bonus	(2.187)	(2.187)	0.000	0.000	0.000
Total Capital Financing	(180.127)	(180.127)	0.000	0.000	0.000
Net Surplus / Deficit	0.000	(7.150)	(7.150)	4.531	(2.619)

2.35 Key Project Variances

- a) Springfield Boulevard New Council Houses £2.744m underspend – The project has been suspended, and alternative schemes are being considered.
- b) Manor Road - Special Provision £0.425m underspend – The budget is no longer required as the academy will be running the project themselves now as they have been successful with a bid to the DfE to fund the work. The funding will go back into the pot to be used on future projects in this area.

2.36 2021/22 Key Slippage to later Years

- a) HRA New Build, Acquisition's & Regeneration Housing programme £1.589m requested slippage to 2022/23 due to delays in the programme. Fees for planning permission to take place in 2021/22 with budgeted construction cost in 2022/23, but these projects will be subject to gateway review before committing and contract award.
- b) HRA Asset Management Programme £2.252m requested to slip to 2022/23 mainly due to delays at Reema Blocks which is pending agreement of programme of works on conclusion of current stock condition surveys at which point works will commence.

Revisions to the Tariff Programme

2.37 The 2021/22 Tariff programme has been rephased for Works in Kind only to reflect the most up to date version of the programme taking account delays and updates of Schemes. The revised programme is detailed in **Annex N** and included the following amendments to the Programme.

2021/22 Tariff Outturn

2.38 **Table 4** shows a summary of the forecast outturn for the Tariff programme compared to budget for 2021/22. The current position shows an underspend of £0.329m; however, after slippage of £0.329m, this becomes a nil variation.

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

Table 4 - Tariff Monitoring

Tariff Summary	Forecast to Year End			Forecast after Slippage	
	2021/22 Project Budget	2021/22 Forecast Outturn	In year forecast Variation	Project Slippage to later Years	2021/22 Under/Overspend
Service	£m's	£m's	£m's	£m's	£m's
Roads and Highways	0.565	0.565	0.000	0.000	0.000
Public Transport	0.933	0.804	(0.129)	0.129	0.000
Schools	4.630	4.630	0.000	0.000	0.000
Leisure and Culture	10.103	9.903	(0.200)	0.200	0.000
Social Care and Health	5.000	5.000	0.000	0.000	0.000
Other Services	0.900	0.900	0.000	0.000	0.000
Costs of Running	0.000	0.000	0.000	0.000	0.000
Works in Kind	14.922	14.922	(0.000)	0.000	0.000
Tariff Programme	37.053	36.724	(0.329)	0.329	0.000
Tariff Financing					
Tariff Receipts	(37.053)	(37.053)	0.000	0.000	0.000
Total Tariff Financing	(37.053)	(37.053)	0.000	0.000	0.000
Net Surplus / Deficit	0.000	(0.329)	(0.329)	0.329	0.000

2.40 2021/22 Key Slippage to later Years

- Magna Park & Whitehouse Bus Stops £0.129m. The Business Case for this project is still being developed and therefore will now take place in the next financial year and hence the requirement for the Council's funding will now fall into 2022/23.
- Fairfield LP4 £0.200m - Delay to site access likely to limit expenditure in 2021/22 because the delivery programme will have to be re-phased accordingly. The Project is expected to complete in 2022/23.

Debt Collection and Performance

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

Treasury

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

Virements

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

Collection Fund

2.44 Initial indications are that the Collection Fund for Council Tax will be in surplus for 2021/22. This is due to the impact of Covid-19 not being as severe as originally estimated when the budget was set. Business rates will have an in-year deficit for 2021/22 due to the continuation of the enhanced reliefs for the retail and hospitality sector.

2.45 Any deficit in the Collection Fund will be funded by Covid-19 Grant and the Collection Fund Cash Flow Reserve, therefore a net nil impact on the outturn. Further details are included within **Annex K**.

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.

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
Annex N	-	Tariff Programme Additions

Background papers - None