

# Cabinet report



## DRAFT OUTTURN, 2020/21

### GENERAL FUND REVENUE, HOUSING REVENUE ACCOUNT, DEDICATED SCHOOLS GRANT AND CAPITAL PROGRAMME & COVID-19 FINANCIAL UPDATE

Name of Cabinet Member	<b>Councillor Middleton</b> Resources
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Exempt / confidential / not for publication	<b>No</b>
Council Plan reference	<b>1 – “A Balanced Budget”</b>
Wards affected	<b>All wards</b>

## Executive Summary

This report sets out the 2020/21 Quarter (QTR) draft 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 31 March 2021.

The Council are currently reporting a General Fund underspend of £0.917m. Whilst there is an underspend of £5.022m of non-COVID-19 related income and expenditure (after taking into account recharges of £4.592m to Contain Outbreak Management Fund (COMF)), the outturn also includes £22.622m of additional COVID-19 costs and loss of income and £10.590m transferred to reserves as identified in section 3.18, offset by additional Government Grant funding £29.107m.

The Housing Revenue Account (HRA) outturn is (£0.866m) underspend, which will be offset by an increase in the planned level of Revenue Contribution to Capital (RCCO).

Public Health budget is reporting an underspend of £1.156m which will be transferred to the Public Health reserve.

Dedicated Schools Grant (DSG) budget was set with an estimated surplus carry forward into 2021/22 of £1.936m, the position at 31 March 2021 is a surplus carry forward of £3.657m.

The Capital Programme is reporting an in year underspend of £59.268m, of which £57.438m is planned to slip to later years, leaving an in year underspend of £1.830m.

The 2021/22 Capital Programme has been rebased, and includes proposed slippage from 2020/21 and recommendations to amend the 2021/22 Capital Programme. The agreed 2021/22 Capital Programme was £107.866m plus amendments to be approved of £62.126m giving a total in year programme of £169.992m. Overall project forecast of £476.770m.

The Tariff Programme is reporting an underspend of £21.655m, of this amount £22.497m is required to be slipped into 2021/22, leaving an in year overspend of £0.842m. The 2021/22 Tariff Programme has been rebased, and includes proposed slippage from 2020/21 and recommendations to amend the 2021/22 Tariff Programme.

## 1. Decisions to be made

- 1.1. That the GFRA draft outturn of £0.917m underspend be noted, together with the management actions set out at **Annex A** of this report.
- 1.2. GFRA savings of £3.145m savings were achieved (69% 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 £3.657m 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 draft outturn on the Capital Programme of £1.849m underspend 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 2020/21 in line with the Council Plan.

### ***Key Issues***

#### *General Fund Revenue Account (GFRA)*

- 2.2. General Fund Revenue Account (GFRA) – is reporting an outturn underspend of £0.917m.
- 2.3. The impact of COVID-19 has meant additional spending to react to the pandemic, loss of income to the Council for services being shut or lower demand and lower collection rates of both Council Tax and Business rates leaving a huge impact on the Collection Fund. This has been offset by support from the Government by the income support scheme, which allows the Council to recover up to 70% of net fees and charges income losses, of £8.795m, and £20.312m General Fund Government Support.

- 2.4. A number of other grants have been provided by the Government to support the impact of COVID-19 on the Council. These are detailed in **Annex A**.
- 2.5. The table on the following page shows the outturn position by service area and the movement in period for each service.

**Table 1 – General Fund Draft Outturn**

General Fund High Level Revenue Summary	Draft Outturn Position							Movement since P9	
	2020/21 Full Year Budget	Draft Outturn	Variance	Outturn Position – COVID-19	Outturn position - Non-COVID-19	Remove COMF	Revised Variance	Variance P9	Movement in period
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	
Adult Social Care	71.237	72.006	0.770	4.551	(3.782)	0.000	0.770	(0.467)	1.237
Public Health	11.650	11.650	0.000	0.000	0.000	(0.152)	0.152	0.000	0.152
Children's Services	49.504	48.268	(1.236)	1.619	(2.855)	(1.637)	0.401	1.093	(0.692)
Policy, Insight & Communications	0.704	1.098	0.395	0.787	(0.393)	(0.412)	0.807	1.085	(0.278)
Strategy and Futures	0.657	0.635	(0.022)	0.461	(0.483)	(0.009)	(0.013)	(0.013)	(0.000)
Housing and Regeneration	0.892	0.898	0.007	0.000	0.007	0.000	0.007	(0.012)	0.018
Planning, Strategic Transport and Placemaking	5.781	7.061	1.280	1.720	(0.440)	(0.013)	1.293	1.402	(0.109)
Environment and Property	60.365	71.250	10.885	12.714	(1.829)	(1.852)	12.737	12.740	(0.002)
Resources - Retained MKC	(0.212)	0.345	0.558	0.547	0.011	(0.398)	0.956	0.866	0.090
Resources - LGSS	5.022	5.022	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Law & Governance	1.921	2.065	0.144	0.223	(0.079)	(0.119)	0.263	0.202	0.061
Debt financing	4.127	8.407	4.281	0.000	4.281	0.000	4.281	0.000	4.281
Corporate Codes	21.788	22.408	0.620	0.000	0.620	0.000	0.620	1.616	(0.997)
Assets Management	(26.813)	(26.813)	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)
<b>Net Cost of Services</b>	<b>206.623</b>	<b>224.304</b>	<b>17.680</b>	<b>22.622</b>	<b>(4.941)</b>	<b>(4.592)</b>	<b>22.272</b>	<b>18.512</b>	<b>3.760</b>
COVID-19 Funding	0.000	(29.107)	(29.107)	(29.107)	0.000	4.592	(33.699)	(29.310)	(4.389)
<b>General Fund Requirement</b>	<b>206.623</b>	<b>195.197</b>	<b>(11.426)</b>	<b>(6.485)</b>	<b>(4.941)</b>	<b>0.000</b>	<b>(11.426)</b>	<b>(10.798)</b>	<b>(0.628)</b>
<b>Total Financing</b>	<b>(206.623)</b>	<b>(196.114)</b>	<b>10.509</b>	<b>10.590</b>	<b>(0.081)</b>	<b>0.000</b>	<b>10.509</b>	<b>10.590</b>	<b>(0.081)</b>
<b>Net Surplus / Deficit</b>	<b>0.000</b>	<b>(0.917)</b>	<b>(0.917)</b>	<b>4.105</b>	<b>(5.022)</b>	<b>0.000</b>	<b>(0.917)</b>	<b>(0.208)</b>	<b>(0.709)</b>

- 2.6. A total of £4.592m COVID-19 expenditure incurred which has been assessed as being related to the Contained Outbreak Management Fund (COMF) has been removed from the service areas in period to offset the Grant funding. This has been amended in the reported position to show the accurate movement in period for each service.
- 2.7. The GFRA draft outturn variance and management actions set out at **Annex A** of this report.
- 2.8. The key material Service COVID-19 cost and income losses are:
- Income loss from car parking due to reduced demand is a pressure of £10.308m. The impact on employee permits from working at home and pay and display income from shop closures has been significant.
  - Adult Services has seen a significant pressure in excess of £4.347m due to COVID-19. The pressure is due to a combination of increased spend of £1.231m on Supported Living to provide 1:1 care in place of Day Services; provision of direct financial support to Care Homes of £1.007m to cover additional staff and PPE costs; Hotel and Accommodation costs of £0.935m for Rough Sleepers and the balance is made up of increased costs of Homecare, PPE for internal teams and a loss of Income on Day Care.
  - As a result of the pandemic and closure during lockdown impacting on their income stream, a provision has been made for income in year due from the Casino.
  - Planning income has a shortfall of £1.046m due to the impact of COVID-19.
  - A leisure contract income has been impacted by COVID-19 and the council is having to incur additional one-off costs of £0.160m to support one of the contracts for 11 months. In addition, the council will not receive £0.246m budgeted income from leisure contracts.
  - The Council has also seen additional costs from residual waste tonnage and contamination of £0.924m with more people generally spending more time at home.
  - Increased insurance premiums for the equipment at the Residential Waste Treatment Facility has resulted in MKC having to share with the contractor additional costs of £0.339m. Insurances for waste facilities is becoming more and more niche with fewer providers offering cover and those who do are hardening the market after a severe years of losses for insurers globally. This has seen a natural restriction on market capacity for

insurance as several syndicates ceased writing whole classes of infrastructure insurance. Under schedule 10 of the contract the Authority is liable for meeting this differential payment. This pressure is over two years, with £0.170m in 2020/21 and budget pressure £0.170m in 2021/22.

- Home to school transport has an underspend of £0.421m as a result of reduced demand in the summer term, government grant funding, re-routing of journeys from September and social distancing measures.
- Children's placements have seen an increase in placements costs of £0.956m due to carer's shielding, family breakdowns during lockdown and difficulties recruiting new foster carers.
- Youth and community services including children's centres has seen a loss of income of £0.471m during COVID-19 due to restrictions and closures of services.

2.9. The Council is reporting an improvement of £0.709m since period 9. The Key movements in the GFRA since P9 are:

#### *Adult Social Care*

- Homeless Prevention and Access - £0.120m, unforeseen dilapidation costs on termination of leases at end of March.
- Supported Living and Residential Care - £0.508m – resulting from a lag in invoicing from care providers due to their disruption from COVID-19 and a data backlog caused by the new case management system.
- Homeless Prevention & Access support for Rough Sleepers - £0.280m – additional accommodation and Care costs during the third lockdown

#### *Children Services*

- Children's Social Work – a reduction of £0.278m due to a delay in recruitment of staff and reduction in the support needed for families with no recourse to public funds.
- Corporate Parenting – a reduction of £0.732m as a result of the number of very expensive placements slowed during the later part of the year and the step-down work was successful.
- Youth and Community – an increase of £0.303m as a result of not drawing down the £0.060m library reserves, a CLMK grant reclaim of £0.093m and a further loss of income due to the third lockdown.

- Special Educational Needs and Disabilities – a reduction of £0.133m from period 9 as a result of a third lockdown and families not being able to fully spend their vouchers or schools being able to fully provide the services.
- Education, Attainment and Effectiveness £0.105m – contribution towards the redundancy costs of a sponsored school academy conversion which took place during this year, partially funded from the School Improvement and Brokerage grant.

#### *Policy, Insight & Communications*

- The vulnerable gamblers contribution £0.204m provision is now being recognised under adult services within the outturn position.
- COVID-19 related expenditure of £0.148m to support the vulnerable groups during the Pandemic was covered by the Clinically extremely vulnerable grant

#### *Planning, Strategic Transport and Placemaking*

- Planning income is lower than previously expected £0.120m.
- Neighbourhood planning income £0.200m has been credited to the general fund as the work has been financed from the service budget in previous years

#### *Environment and Property*

- Reduced street lighting costs of £0.100m due to a lower than budgeted electricity inflation cost in October along with reduced usage in the latter half of the year due to better weather and more accurate data readings.
- Lower take up Concessionary Fares leading to lower costs of £0.115m as a result of agreeing a revised, reduced payment mechanism for concessionary fares.
- Car parking income during the lockdowns has been considerably affected and difficult to estimate. The parking income was £0.160m better than forecast in P9. The Car parking contract costs have also been lower than expected by £0.360m as implementation of new technology has been delayed as a result of the impact of COVID-19.
- Highways winter maintenance forecast has increased by £0.271m in period, due to the combination of wet and cold weather and the number of gritting runs was increased from that previously forecast.



### *Corporate Codes and Debt Financing*

- Temporary Accommodation contingency £1.000m agreed as part of the 2020/21 Budget setting process has not been needed this year.
- Additional Voluntary contribution for MRP within Debt Financing. This was achieved through in year savings due to COVID-19.

### *Housing Revenue Account (HRA)*

2.10. The HRA is currently reporting an underspend of £0.866m which has been transferred to capital reserves to fund future investment in the stock. This is an improvement of £2.916m since P9, the reasons for this are set out in **Annex C**

### *Public Health*

2.11. Public Health has underspent by £1.156m (overall there is a net nil variance after use of reserves as the funding is ring-fenced). This is a movement in month of £0.575m which is attributable to staffing costs which have been offset by the Contain Outbreak Management Fund £0.137m and income for vulnerable gamblers. In addition to above, the in-year underspend is also as a result of reduced activity and re-prioritising of GP appointments from the impact of COVID-19 in particular Sexual Health £0.238m and Health Check services £0.232m. This has also impacted on staffing vacancies across the shared service model.

### *Dedicated Schools Grant (DSG)*

2.12. When the budget was set, it was anticipated that there would be a surplus carry forward of £2.636m from 2019/20, however the actual carry forward was a surplus of £2.185m. The 2020/21 budget was set with a budgeted surplus carry forward of £1.936m, however the surplus carry forward is £3.657m. The reduced carry forward from 2019/20 is partially offset with an in-year underspend on the schools and high needs blocks. Further information can be found in **Annex D**.

2.13. 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.

2.14. The main areas of risk are in high needs where there have been increases in the number of children requiring support at increasing levels of complexity. High needs funding remains a national issue and although we currently have a high needs surplus, this is one off and the future funding increases remain uncertain

on the DSG and have not up until now, kept up with demand. The early years block is very volatile and remains uncertain in terms of the level of take up due to the impact of COVID-19. There is a low level of contingency in the block in which to deal with the pressures should they arise.

### *Delivery of Savings*

2.15. Savings of £3.696m were approved for implementation in 2020/21, £0.631m savings were carried forward from 2019/20 and £0.250m savings were brought forward from 2021/22 to be delivered in year, resulting in a total of target of £4.577m to deliver in 2020/21. £3.145m (69%) has been delivered in year, and £1.432m (31%) will either not be delivered until next year or are undeliverable. Where the saving cannot be delivered this has been reflected in the 2021/22 budget.

2.16. 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*

2.17. 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.

2.18. The outturn of the Collection Fund for both council tax and business rates is an in-year deficit for 2020/21 due to the impact of COVID-19. This deficit has been fully funded in 2020/21, with funding held in reserves to meet the requirement of the collection fund loss that will be charged over the next 3 years in line with government regulations.

2.19. The outturn position of the Collection Fund is reported in **Annex K**.

### *Reserves*

2.20. 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.

- 2.21. 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.
- 2.22. The Council also has a working balance of £30.413m. This is above the minimum recommended level for 2020/21 but a higher balance has been proposed for 2021/22. A commitment has been made that up to £2m of general fund working balance reserve will be set aside as a contingency to respond to COVID-19 in line with the 2021/22 Budget.
- 2.23. The council's overall reserves have increased from £204.9m to £267.6m, however £44.4m relates to COVID-19 business grants, £5.2m is financing the collection fund deficit, £5.8m relates to unspent COVID-19 grants to MKC and £8.3m a net increase in the Political Priority reserve to fund Annex W, as agreed in the 2020/21 budget. These amounts aside, the reserves have dropped by £1m
- 2.24. **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*

- 2.25. 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.
- 2.26. **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 February 2021 Council	<b>107.866</b>	<b>107.866</b>	<b>335.702</b>	<b>204.710</b>
New Projects	13.765	13.765	74.750	13.765
Amendments to Existing Project	48.361	48.361	66.319	48.361
<b>Total</b>	<b>169.992</b>	<b>169.992</b>	<b>476.770</b>	<b>266.836</b>

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

- Special Provision Capital Programme - Following a comprehensive review of the data relating to numbers of children with EHCPs and demand for special school places, a deficit of places, particularly for children and young people with autism, has been identified. We have identified a solution to enable another 12 – 14 places to be developed at The Walnut’s Special School that will complement the additional places being progressed at white Spire and the Romans Field School for September 2021.
  - Walnuts School Special Provision £0.150m – Relocation of Medical Bridge from Hertford Place releases space for The Walnuts to expand. Approval is sought to move underspend from previous Special School provision projects to this project £0.100m.
  - Manor Road School Special Provision £0.825m – That the resource allocation and spend approval in 2021/22 capital programme (approved by DD 8th June 2021) for funded from the Special Provision Fund (Grant funding from Central Government), to undertake capital works at the Manor Road site in Bletchley to facilitate the relocation of The Bridge and Primary PRU as part of the Asset Rationalisation programme. This project will involve adaptations to the Manor Road buildings and external areas to make them fit for purpose. Approval is sought for £0.445m of the remainder of special provision fund and the balance to move underspend from previous projects using similar funds.
- Tower Block Improvement Project (Mellish Court & The Gables) £2.891m - The project will ensure that residents of Mellish Court and The Gables live in accommodation that meets fire safety and other regulatory

requirements. A full decant of both buildings with a target of October 2021 is being progressed.

- 2 Beds acquisitions for MKC's Mellish & Gables tenants £6.000m – A DD was approved on 8<sup>th</sup> June 2021 to purchase 2 bed properties in primarily the Bletchley and Wolverton area into the HRA, to empty the tower blocks quickly for demolition.
- Galley Hill Community Centre £0.500m – A DD was approved on the 23rd March to allocate resource allocation and spend approval to enable the Galley Hill Arts centre to be brought back into use as a building for use by the community.
- Wavendon Playing Fields £0.775m - Tariff funding has been allocated to deliver the sports playing fields to serve the new developments in the Western Expansion Area (WEA) in-line with the SLA on a developer provided site. There is an identified need to provide a specified level of new open space and recreational facilities provision within new development to serve the needs of the expanding population and dwellings within this area. There is only one playing field located within the village of Wavendon and none exist within the new development in this area.
- UEFA Woman's Euros 2022 – Public Art Commission £0.144m – The Women's EURO will take place in 2022. Milton Keynes will host three of the Women's Euros 2022 tournament matches, including one semi-final match at the MK Dons Stadium, located in Bletchley. In order to ensure that residents, fans, businesses and other visitors enjoy and benefit from an engaging, inclusive and inspirational tournament experience, MKC is developing an additional cultural offer, which will spotlight the city's fantastic cultural sector, whilst celebrating the creativity of women. The project will be funded from S106 monies.
- Oakgrove Public Art Commission £0.370m – Resources allocation and spend approval is sought for the Oakgrove public art commission in Ouzel Valley Park who have identified opportunities to enhance the landscape of Ouzel Valley Park, specifically aiming to connect communities, encouraging greater use of the Park and celebrating themes of heritage, biodiversity and wildlife. The project is funded by S106 funding specifically required to be spent for this purpose.

- H4 Dansteed Way-Randall Avenue Junction Improvement £0.450m - The scheme cost £0.450m for highways modifications, including a roundabout, bus stop, a toucan crossing and new footway construction at the H4 Dansteed Way. £0.360m funding has been secured by S278 contribution, with the balance of £0.090m to be funded from Tariff.
- Environmental Services Commissioning – Private Wire £0.995m - The purpose of the proposals is to supply renewable electricity to power a low / zero emission fleet and reduce the net cost of processing recyclable materials by providing low cost energy. The project will be funded by grant income.
- The Lakes Estate Regeneration £61.65m - Cabinet are asked to approve the remaining capital resource allocation needed to construct the revised Phase A project at the Lakes Estate of £61.65m, which includes the demolition of Serpentine Court and acquisition of additional land for the Stoke Road development (being brought forward from Phase B) from MKDP, and £2.35m in disruption payments. A total capital budget of £61.65m is requested, with an immediate spend approval of £1m for costs to take the scheme to tender and commence ground investigations. A detailed report on the Lakes Estate Regeneration project is included on this Cabinet meeting agenda, and therefore this request is subject to approval of this report.

The proposed budget includes all the associated costs of the replacement and upgrading the existing residential accommodation, a programme of estate improvements (including Warren Park and cycleways), a provisional allowance for the energy centre and the cost of acquisition of sites for the replacement nursery and land for the Phase B Stoke Road development. The cost of demolishing Serpentine Court which is required to start the main Phase B works is also included together with disturbance payments and leaseholder purchase costs. The “non housing” costs represent about 25% of the total but are intrinsic to the whole Lakes Estate programme. It is currently proposed that costs will be met through HRA borrowing. As highlighted earlier in this report, some costs (commercial, community and public realm) could be funded from general fund borrowing or capital receipts instead, which would have the effect of releasing HRA borrowing headroom. Financing options will be reviewed against the business case of these individual elements. A further report will be brought to Cabinet once this has been completed in the Autumn.

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

- Tattenhoe Park Community Wellness Hub £0.039m – Additional resource allocation and spend approval is required for the funding for solar panels and additional plasterwork. There have been some additional project costs in the post-planning stage, and funding has now been identified to cover this. This additional funding will be provided by Tariff and a contribution from the Parish Council.
- Bradwell Abbey Improvements Programme - To seek approval of additional resource allocation of £0.080m to complete the works on the current contract for the Farmhouse due to unforeseen additional items of repair and conservation, and delays to programming. Funding is from the capital reserve.
- Schools Maintenance Programme £10.120m - The Schools Capital Maintenance Programme is primarily used to improve the condition of existing school stock of local authority-maintained schools, it will also improve the efficiency of the schools stock and it will bring it in line with modern legislation regarding Equality, Building Regulations, Health and Safety and curriculum requirements, etc. The Programme has been extended to 2022/27 to enable a longer-term focus and prioritisation on the Schools programmes.
- SLA Wavendon Community Facility £0.855m – Additional resource allocation and spend approval is sought to add to the project to provide a new Pavilion building with changing facilities on the new Playing Fields site to meet the needs of the new population of the SLA. After completing other facilities of a similar nature, it became apparent the current budget is insufficient to cover the costs, despite various cost reduction methods being undertaken. This will be funded by £0.605m S106 contributions and the balance funded from Tariff.
- Disabled Facilities Grant £0.150m – An additional resource allocation of £0.150m is sought to spend on the ring-fenced Disabled Facilities grant funded from the Government.
- Glebe Meadows Primary & Secondary School – Original spend approval was approved of £35.6m, this was reduced in error by £1.3m when the 21/22 budget was approved. After a review of the forecast costs of the

total project, an additional £0.573m resource allocation is required to meet the total project costs of £34.9m. This will be funded from the ringfenced funding which was previously released.

- Total adjustment to the 2021/22 Capital programme including realising of underspends or budget no longer required, acceleration of budget used in 2020/21, slippage brought forward from 2020/21 and the rephasing of the 2021/22 Programme is £54.492m

2.29. Spend approval requests for projects within the 2021/22 capital programme, are summarised in **Annex M**.

### 2020/21 Capital Outturn

2.30. **Table 3** shows a summary of the Outturn position for the 2020/21 capital programme compared to budget (resource allocation). The current position shows an underspend of £59.268m; however, after slippage of £57.438m, this will result in an underspend of £1.830m in year.

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

**Table 3: Capital Programme – 2020/21 Forecast at 31 March 2021**

Capital Summary	Year End Position					Outturn Position after Slippage	
	2020/21 Project Budget	Financing Adjustments	2020/21 Revised Budget	2020/21 Outturn	In year Variation	Project Slippage to later Years	2020/21 Under/Overspend
Service	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Adult Social Care	0.647	0.000	0.647	0.370	(0.277)	0.277	0.000
Children Services	33.059	1.838	34.897	30.032	(4.865)	4.249	(0.616)
Housing and Regeneration - HRA	78.246	0.900	79.146	38.977	(40.169)	40.169	0.000
Housing and Regeneration - GF	1.124	0.154	1.278	0.913	(0.365)	0.365	0.000
Corporate Core	5.513	0.282	5.795	4.921	(0.874)	0.874	0.000
Policy, Insight & Comms	0.063	0.000	0.063	0.000	(0.063)	0.063	0.000
Growth, Economy and Culture	7.674	(0.005)	7.669	4.455	(3.214)	3.214	0.000
Environment and Property	30.806	2.758	33.564	24.683	(8.881)	7.699	(1.182)
Resources	1.258	(0.031)	1.227	0.667	(0.560)	0.528	(0.032)



<b>Capital Programme Requirements</b>	<b>158.390</b>	<b>5.896</b>	<b>164.286</b>	<b>105.018</b>	<b>(59.268)</b>	<b>57.438</b>	<b>(1.830)</b>
<b>Capital Financing</b>							
Capital Receipts	(13.880)	(1.033)	(14.913)	(13.880)	0.000	0.000	0.000
Major Repairs Reserve	(27.041)	(0.222)	(27.263)	(27.041)	0.000	0.000	0.000
Government Grants	(45.239)	(4.372)	(49.611)	(45.239)	0.000	0.000	0.000
Prudential Borrowing	(4.311)	(36.394)	(40.705)	(4.311)	0.000	0.000	0.000
Developer Contribution	(16.192)	(0.338)	(16.530)	(16.192)	0.000	0.000	0.000
Third Party Contributions	(4.993)	(0.245)	(5.238)	(4.993)	0.000	0.000	0.000
Parking Income	(0.050)	0.250	0.200	(0.050)	0.000	0.000	0.000
Revenue Contributions	(41.098)	36.301	(4.797)	(41.098)	0.000	0.000	0.000
New Homes Bonus	(5.586)	0.157	(5.429)	(5.586)	0.000	0.000	0.000
<b>Total Capital Financing</b>	<b>(158.390)</b>	<b>(5.896)</b>	<b>(164.286)</b>	<b>(158.390)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Net Surplus / Deficit</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(53.372)</b>	<b>(59.268)</b>	<b>57.438</b>	<b>(1.830)</b>

## 2.32. Key Project Variances

- CMK Multi Story Car Park £0.743m – Project has completed less than budgeted. The Final Account was agreed, the budget for the project was higher than required as it included a contingency for any unknown potential issues which fortunately was not required.
- Whitehouse Health Facility £0.191m - Project due to complete in May 2021. The Final fees for Gleeds to manage the end of the defects year are lower than budget as they have not visited the site as much as planned due to COVID-19. The NEC Supervisor fees (also part of the final end of defects fees) are also slightly less for similar reasons.
- Bracknell House £0.116m - budget was based on a cost estimate, prior to the tenders being received. The Tenders came back lower than originally anticipated
- Schools Capital Maintenance Underspend £0.272m - COVID-19 has minimised programme this year. All unused or unallocated funding to be returned to Capital Maintenance Programme

## 2020/21 Key Slippage to later Years

- HRA New Build, Acquisition's & Regeneration Housing programme £34.023m requested slippage to 2021/22 due to changes to the procurement process, delays in planning and building control permission process and revisions to the original programme specification. Forecast completion dates for the projects have now been identified as March 22.
- HRA Asset Management Programme £5.795m requested to slip to 2021/22 mainly due to Structural upgrades & Fire Safety works. Work is now on site on a number of projects following restart but the spend is subject to party wall matters, ongoing issues with Contractors and Leaseholder consultation.
- A421 £1.485m slippage to 2021/22. This is a Joint project between MKC & Central Bedfordshire Council (CBC). CBC being the lead authority. The Project is now finished, and defect works and final accounts still to be agreed. A total £3m contribution from MKC towards this project is still expected, part of which has already been paid with the remaining spend to be accrued and dependant on the ongoing resolution of outstanding contract claims due in 2021/22.
- Housing Infrastructure Fund £0.797m slippage to 2021/22. Progress to date has been focussed on planning application which was submitted on 31st March. Elements of technical design work and associated costs incurred by developer and Council have therefore slipped into April and beyond. Target completion date March 2024.
- Bletchley to Blue Lagoon Redway links £0.538m slippage to 2021/22. The work is being planned and split into 3 sections but will straddle year end. Forecast completion is early next year and due to complete within budget.
- Passenger Transport £0.709m slippage to 2021/22. Programme delayed due to Highways resource issues that are being resolved. Forecast completion date remains at the March 2022.
- Whitehouse Community Facility £1.370m slippage to 2021/22. The existing contractor of school unable to deliver project within current resources. A review of procurement options to deliver project is required.
- Hanslope Primary School and associated Nursery 1FE Expansion slippage of £1.828m. Planning permission withdrawal due to issues with Strictly Education has meant delays to start build process, now due by end March 2022.

## *Revisions to the Tariff Programme*

2.33. The 2021/22 Tariff programme has been rephased and includes potential slippage from 2020/21. The revised programme is detailed in **Annex N** and included the following amendments to the Programme.

- SLA Wavendon Community Facility £0.855m – Additional resource allocation and spend approval is sought to add to the project to provide a new Pavilion building with changing facilities on the new Playing Fields site to meet the needs of the new population of the SLA. After completing other facilities of a similar nature, it become apparent the current budget is insufficient to cover the costs, despite various cost reduction methods being undertaken. This will be funded by £0.605m S106 contributions and the balance funded from Tariff.
- H4 Danstead way £0.090m - The scheme cost of £0.450m is for highways modifications, including a roundabout, bus stop, a toucan crossing and new footway construction at the H4 Danstead Way. £0.360m funding has been secured by S278 contribution, with the balance of £0.090m to be funded from Tariff.
- WEA Community Meeting Place £0.500m - The original intention was to deliver this project as part of the Watling Academy project but as this proved to be unachievable additional funding is required to be allocated to deliver the new facility as a standalone project.

## *2020/21 Tariff Outturn*

2.34. **Table 4** shows a summary of the draft outturn for the Tariff programme compared to budget for 2020/21. The current position shows an underspend of £21.655m; however, after slippage of £22.497m, this becomes an overspend of £0.842m. This overspend is mainly due to the unbudgeted annual repayments to Homes England to reimburse them for the net expenditure balance owed to them at the time the Tariff was transferred in 2013. The sums repayable in any given year are linked to contributions generated from the development on the land owned by Homes England at Kingsmead South and Tattenhoe Park and vary year on year.

2.35. 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	
	2020/21 Project Budget	2020/21 Outturn	In year Variation	Project Slippage to later Years	2020/21 Under/Over spend
Service	£m's	£m's	£m's	£m's	£m's
Roads and Highways	1.330	0.246	(1.084)	<b>0.784</b>	(0.300)
Public Transport	0.598	0.507	(0.091)	<b>0.133</b>	0.042
Schools	8.095	8.095	0.000	<b>0.000</b>	0.000
Leisure and Culture	8.209	5.724	(2.485)	<b>2.643</b>	0.158
Social Care and Health	5.000	0.015	(4.985)	<b>5.000</b>	0.015
Other Services	2.327	1.622	(0.705)	<b>1.627</b>	0.922
Costs of Running	0.135	0.139	0.004	<b>0.000</b>	0.004
Works in Kind	12.310	0.000	(12.310)	<b>12.310</b>	0.000
<b>Tariff Programme</b>	<b>38.004</b>	<b>16.349</b>	<b>(21.655)</b>	<b>22.497</b>	<b>0.842</b>
<b>Tariff Financing</b>					
Tariff Receipts	(38.004)	(38.004)	0.000	0.000	0.000
<b>Total Tariff Financing</b>	<b>(38.004)</b>	<b>(38.004)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Net Surplus / Deficit</b>	<b>0.000</b>	<b>(21.655)</b>	<b>(21.655)</b>	<b>22.497</b>	<b>0.842</b>

2.36. 2020/21 Key Slippage to later Years

- MKUH Pathway Unit £5.000m – The Hospital Trust have now (October) received planning permission for the Pathway Unit and are mobilising to deliver this new facility once the ambulance service has moved fully to the new Blue Light Hub. However, the majority of the build will now take place in the next financial year and hence the requirement for the Council's funding will now fall into 2021/22.
- Whitehouse Community Meeting Place £1.365m. Project delayed due to the existing contractor of school and community centre unable to deliver project within current resources. A review of procurement options to deliver project is required.
- Voluntary Sector £1.250m - Discussions involving Community Action and the Community Foundation are ongoing but implementation of the March 2020 Delegated Decision now unlikely to take place in this financial year. The Project is expected to complete in 2021/22.
- Works in kind £12.310m- 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*

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

#### *Treasury*

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

#### *Virements*

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

#### *Procurement Waivers*

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

### 3. Implications of the decision

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

#### **a)** Financial implications

Capital implications are fully considered throughout the report. Revenue implications as a result of capital schemes are built into the Council's debt financing and other revenue budgets as appropriate through the Medium Term Planning process. Where significant risks are known they are highlighted in this report.

#### **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 Outturn
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

### List of background papers

None