Budget & Resources Scrutiny Committee

17 December 2020

milton keynes council

Demand Budgets - Approach

All demand led service budgets have been reviewed

Based on latest activity and trend data at September / October 20

Assumptions made for impact of COVID (both known and anticipated)

Assumptions made for normal demand growth

Challenge sessions with finance team; data sets, assumptions etc.

Directors reviewed and signed off assumptions

Demand budgets will need to be closely monitored as these can be volatile and further impacted still by a number of unknown COVID risks

Further review will be undertaken in December, Jan to check if there have been any significant movements in demand since setting the draft budget

Core Principles - Reminder

COVID-19 to remain in general circulation – no vaccine

General government measures remain in place

No new national or local lockdown

Customer behaviour will change and move towards a new norm of reduced social interaction and supressed demand for discretionary spending

Schools will remain open

2022/23 – 2024/25 – assume will be the same and model changes in inflation, demand and other known issues

Children's Services - Summary

	Budget 20/21 £m	Pressures 21/22 £m	Savings 21/22 £m	Budget 21/22 £m
Children's Management	0.388	0.000	(0.178)	0.210
Children's Centre Services	2.550	0.000	(0.035)	2.515
Corporate Parenting	22.505	0.736	0.000	23.241
Safeguarding	1.661	0.000	0.000	1.661
SEND	3.872	0.147	0.000	4.019
Children's Social Work	11.775	0.885	(0.035)	12.625
Education	6.570	0.362	(0.200)	6.732
Youth and Community	4.893	0.278	(0.074)	5.097
Children's Services Total	**54.214**	**2.408**	**(0.522)**	**56.100**

Children's social care placements (looked after children and children placed permanently through adoption, special guardianships) and referrals to CSC.

Home to school transport – the overall numbers of children with an education and health care plan, requiring transport

Children with disabilities – increasing number of children requiring support

Children’s Social Work Staffing

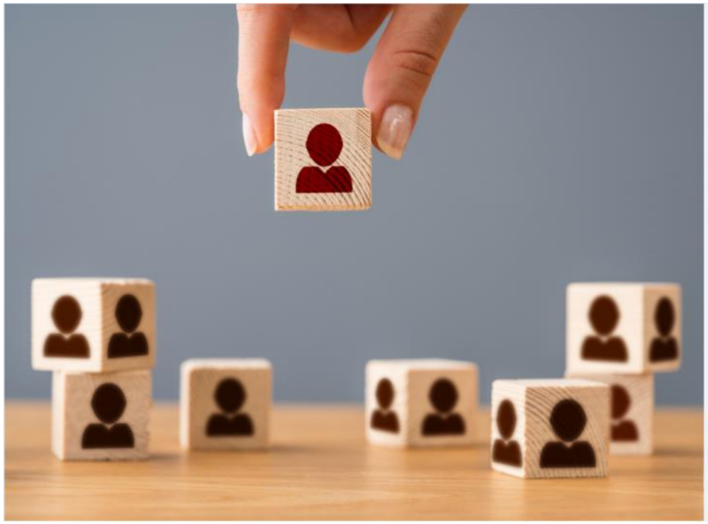
2021/22 Pressure: £0.635m

- Establishments agreed with Budget Managers and a gap of £0.413m was identified. Referrals into the service are increasing at a higher rate than the cases being closed therefore the current establishment levels need to be maintained

- Four additional Social Worker posts were included following the recent OFSTED recommendation - £0.209m

- An additional Local Authority Designated Officer (LADO) and Independent Chair (IC) are included as a permanent solution to the rising number of cases the Safeguarding team are currently managing - £0.138m

- Restructure savings already delivered have offset part of this pressure - £0.125m



Children's Social Care Placements

2021/22 Pressure: £0.736m

- The current child population in MK is rising at a faster rate than England overall
- The number of referrals received since September is higher than has been seen in previous years
- The number of Looked After Children have stabilised following a peak of 428 in December 2019. There are now 401 LAC as at December 2020. However, there are still many unknowns about what the delayed impact of COVID may be on families and whether this number may start to gradually increase

- There is currently a lack of in-house capacity which means an increasing number of new placements are going to external, higher cost placements. We are continuing to recruit foster carers and an assumption has been made in the budget that our availability for in house carers increases, but this is a risk.

Home to School Transport

2021/22 Pressure: £0.323m

- Based on the average weekly payments (£0.121m) the base budget would not be sufficient to meet the current demand if schools are open for a full financial year from April 2021

- The number of children being supported through HTST has increased slightly from 1,194 in Sept-19 to 1,229 in Sept-20 (+2.9%). Based on the latest census data, the number of pupils entitled to home to schools transport is expected to increase by 3.03% in special schools and 1.88% in mainstream schools in 2021/22 and future years.

- There has also been an increase in requests for Family Led Travel Budgets (FLTB's) and mileage requests from families to enable them to make their own arrangements for transport (which is often more cost effective than contracts).

- Contracts that are due for renewal will be reviewed and re-procured to ensure value for money and more efficient routes. Contracts due to end in 20/21 were extended in order to minimise disruption to children, schools and providers during COVID although the current contracts have been rationalised to ensure maximum efficiency.

SEN & Children With Disabilities

Children With Disabilities 2021/22 Pressure £0.077m

- The number of children with an EHCP has increased from 1,427 in 2014 to 2,319 currently which is an increase of 63%. This has coincided with an increase in the number of children being supported and receiving a direct payment through the Children with Disabilities team.
- In March 2018, there were 119 direct payments being paid, which has steadily grown to 149 as of March 2019, and 170 children in October 2020.
- It is therefore anticipated that demand will continue to increase by an additional 2 new packages each month on average throughout the 2020/21 year and onwards. This was calculated to be an additional pressure for 2021/22 of £0.077m

SEN Casework Team £0.070m

- An increase in the number of children requiring SEN casework support due to the numbers of Education Health Care (EHC) plans from 1,400 in 2013/14 to current figures of 2,319 an increase of 66%.
- This is the full year effect of a pressure agreed in 2019/20 and the staff are already in post. The additional costs were originally funded from the SEN Reform Grant (which delayed the pressure in the budget) but this has now ended.

COVID Income Pressures

Libraries £0.113m Pressure

- Due to COVID19, all Libraries were closed between April and July (the Schools Library Service has been operational throughout the year). In August, five libraries opened and have remained open

- The main financial impact of the closures has been on income generation. Libraries generate income from fines/charges and rental income from hire of rooms/event spaces.

- Pressure based on the current libraries remaining open during 2021/22 and current closed libraries remaining closed (even if libraries opened, income levels would still be unlikely to return to normal levels).

Supported Employment £0.165m Pressure

- Loss of income generated by the supported employment team due to disruptions to normal operations (includes income from footfall at Café Civic, vending machine receipts and internal catering contracts)

- There are currently three FTE permanently employed staff at Café Civic - during the pandemic they have been redeployed to the Food Bank initiative

ASC & Homelessness - Summary

	Budget 2020/21 £m	Pressures in 21/22 £m	Savings in 21/22 £m	Base Budget 21/22 £m
Assessment, Review and Hospital Discharge	7.800	0.130	0.000	7.930
ASC Senior Management	1.610	0.000	0.000	1.610
Commissioning & Contracts	14.537	0.637	0.000	15.174
Community Alarm & Sheltered Housing	1.069	0.000	0.000	1.069
Day Services, Short Breaks and Shared Lives	3.533	0.315	0.000	3.848
Homeless Prevention + Access	8.773	-0.124	-0.446	8.203
Learning Disability	19.177	1.476	0.000	20.653
Mental Health	5.053	0.459	0.000	5.512
Physical Disability	3.353	0.121	-0.250	3.224
Reablement, OT and Home Care	3.741	0.000	0.000	3.741
Sheltered Housing and Care and Response	2.985	0.000	0.000	2.985
Adult Services Total	**71.632**	**3.014**	**-0.696**	**73.950**

ASC demand growth (learning disabilities, physical disabilities, mental health and older people)

Income and other cost pressures as a result of COVID (income loss from day services additional packages required)

Homelessness – impact of evictions, wider economic impact as a result of COVID

Adult Services – Demand Growth

2021/22 Pressure: £1.494m

- A review of current placements and support budgets was undertaken across Adult Services and reviewed in line with transitions and demographic growth data to anticipate the 2021/22 demand.

- Demand levels have obviously been impacted by COVID but activity and cost data is monitored monthly in ASC in order to keep track of the changes. We have seen packages ending in year but also additional support and care packages put in place for some service users.

- Although our current year data (which is largely the basis for calculating next year's budget), future years become more difficult to predict, particularly in the current climate as it is likely our pattern of demand (and the areas it occurs in) may shift over time. We will continue to track costs and activity at a detailed level monthly in order to identify any variations promptly.

- Some costs have increased specifically as a result of COVID (these are highlighted on the next slide) but the remaining pressures are across the normal areas of growth we see each year in the budget:

  – Learning Disability (LD) - there are an anticipated 18 service users transitioning (£0.380m) together with an allowance of £0.155m for family breakdown.
  – Mental Health and Autism packages are becoming more complex and costly therefore a pressure has been put forward based on 13 new packages in 2021/22 at a slightly higher cost - £0.459m
  – Physical Disability placements will increase by 2% and a pressure has been put forward to fund this growth within external homecare - £0.121m. The estimated cost is based on multiplying the average cost of existing care packages by the number of estimated packages including growth.
  – Older People placements is anticipated to see sustained growth in service users each year equating to 17 additional service users requiring support for day care, home care and care homes. Population statistics for Milton Keynes show an estimated 3% demographic growth in older people - £0.379m

ASC COVID Pressures

Learning Disability Supported Living £0.941m

There are increased costs elsewhere in the service as a result of the day services closure (i.e. additional packages of care put in place to support people during the day service closures). Day service capacity is impacted by COVID resulting in reduced numbers being able to access the service. This cost may reduce if capacity at day services can be increased, but it may be difficult to step down packages.

Day Services Loss of Income £0.315m

Income loss as a result of reduced capacity in day services. This income may improve as capacity is able to increase.

Residential & Nursing Care Home Placements £0.388m

There are a number of unoccupied beds in care homes at present and as a result we may see care homes that are financially unsustainable, resulting in increased costs of placement fees.

Homelessness

2021/22 to 2024/25 (4 Years) Pressure: £2.595m (accommodation) £0.554m staffing invest to save)

Our current demand has tracked lower than our 20/21 base budget (and without one off COVID exceptional costs, we would be underspent in the current year)

We have not seen a significant impact on demand in the current year as a result of COVID. This is likely impacted by the ban on evictions earlier in the year, availability of court dates to evict and the extension of the furlough scheme

We are anticipating increases of demand directly as a result of COVID from the ending of the furlough scheme and wider economic recession but also the wider aspects including from parental eviction and domestic violence

This is a difficult area to predict, given variable historic trends plus the unknown impact of COVID. Our assumptions are based on various sources of information including studies on the impact on homelessness in the previous recession

Without any action the costs will continue to grow and place a significant pressure on the budget.
As a result a business case invest to save proposal has been developed.
This sets out additional staff that are required in the service in order to; work with landlords to offer short term tenancies and reduce the cost of expensive nightly lets; focus on prevention in key areas (domestic abuse, family breakdown) as well as standard prevention – preventing people being evicted (mediation and negotiation with private sector landlords)

Environment & Property - Summary

	Current Budget 20/21 £m	Pressures in 21/22 £m	Savings in 21/22 £m	Base Budget 21/22 £m
Corporate Health and Safety	-0.01	0.00	0.00	-0.01
Director Environment and Property	5.96		-1.45	4.52
Facilities Management (Buildings)	-0.01			-0.01
Facilities Management (Ops)	0.02			0.02
Head of Service - Env and Waste	37.40	1.85	-0.38	38.87
Head of Service - Highways	15.80	0.75		16.55
Head of Service - Regulatory	2.00	0.15		2.15
Property	6.05	0.41	-0.28	6.18
Property Management	-10.56	8.91	-0.24	-1.89
TOTAL	**56.67**	**12.06**	**-2.34**	**66.40**

Car Parking based on usage in September 2020

Waste based on current tonnage and legislative grant funding changes

Concessionary fares patronage based on 80% of pre-covid and move from subsidised bus services to Demand Responsive Transport

Environment and Property

2021/22 Pressure: £12.06m

The key areas are as follows:

Excess waste tonnage – so far in 20/21, residual waste is 9% higher than last year, due more people working and generally being at home more than normal. This position is expected to continue and the 21/22 budget is based on similar tonnage to 20/21. In addition, is the cost of compensating Amey to a "no better no worse" position for the loss of income from Levy Exception Certificates ("LECs") as a result of a qualifying change in law.

Contamination – The contract at the MRF allows a contamination threshold of 10% and the Council is obligated to pay charges above this level. The current reported contamination rate is 20-25%. The COVID-19 pandemic has seen a 5-10% increase in volume of mixed dry recycling delivered to the MRF. This trend is expected to continue although a campaign just commissioned by Keep Britain Tidy and the waste pilot will look to contain, if not improve this position significantly.

Environment and Property cont

2021/22 Pressure: £12.06m

Parking income – average drop of £1m per month Apr to June, expect this to be about £720k per month December onwards which is the basis for the 21/22 budget – the main income is P&D and permits and assume that shoppers and employees that want to/can return to work/shopping have done so and will continue in the same pattern. Post Christmas income will be a good indicator of the likely “new normal”. Future years pressure not reduced until the trend is clearer.

Elder Gate – the new MSCP at the station is not intended to be opened in 21/22 as this is a commuter car park the volume of rail users is currently down by around 60%. The costs have been minimised in terms of management and running expenses. If the demand changes in year and an assessment shows income could exceed costs, it may be opened.

Environment and Property cont

2021/22 Pressure: £12.06m

Sponsorship – Bus shelter sponsorship income is partly guaranteed from a contractor and a profit %, the latter not having been achieved in 20/21 and not expected to be in 21/22 following discussions with the contractor. Roundabout sponsorship has seen 15 contracts cancelled by individual companies during 20/21 and the budget for 21/22 assumes a slight increase based on enquires and a new more commercially focused staff structure.

Taxi – income was stronger than budget in 19/20 by £63k but a decision to stop vehicle testing as part of the Rapid Service Review (to tie in with the Asset Rationalisation Plan) will see a reduction of £120k along with a loss of around 60 licences as the lockdowns impacted on the demand for taxis. This equates to a further loss of around £29k. This position is expected to continue into 21/22 as the economic and social changes since COVID 19 start to stabilise.

Planning - Summary

	Current Budget 20/21 £m	Pressures in 21/22 £m	Savings in 21/22 £m	Base Budget 21/22 £m
Place Making	4.96			4.96
Planning	0.66	0.67	-0.17	1.16
Service Director GEC	-0.02			-0.02
TOTAL	**5.61**	**0.67**	**-0.17**	**6.11**

Planning income based on 3 year trends for major, minor and other applications

Planning

2021/22 Pressure: £0.674m

The key areas are as follows:

Planning income – QTR 1 income was 37% of that expected and the drop has increased to 43% as at November. Specific analysis has been undertaken on major, minor and other planning applications, looking at the last 2 years plus actuals in 20/21 to establish the budget for 21/22. It is assumed that as the housing market is expected to remain buoyant, 50% of the pressure in 21/22 will be recovered in 22/23.